

EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503

April 30, 2019

Mr. Austin Evers American Oversight 1030 15th Street, NW Suite B255 Washington, DC 20005

Sent via email: foia@americanoversight.org

RE: American Oversight v. Department of Justice, et. al., No. 18-2840 (DDC)

Dear Mr. Evers:

This is in response to the Freedom of Information Act (FOIA) request from American Oversight, which is the subject of the above-referenced matter. Specifically, the Office of Management and Budget (OMB) received American Oversight's FOIA request on October 4, 2018 and assigned it the tracking number 2019-006.

OMB has completed its review of all of the 357 potentially responsive documents that were identified in the search using parameters described in our letter to you dated December 22. 2018. OMB has determined that 49 documents are responsive to this request. OMB is withholding 22 of these documents in full and producing 27 documents in whole or in part. These documents include withholdings and reductions made pursuant to FOIA Exemptions 5 and 6, 5 U.S.C. § 552(b)(5), (b)(6). Exemption 5 protects interagency or intra-agency pre-decisional deliberative communications, the disclosure of which would inhibit the frank and candid exchange of views that is necessary for effective government decision making, and Presidential Communications. Exemption 6 protects against disclosure of information that would constitute a clearly unwarranted invasion of personal privacy.

With this production OMB has completed its review of records that are potentially responsive to request 2019-006.

Sincerely,

Enclosures



Family Separation Info

"Marten, Lexi N. EOP/OMB" (Ex 6 - (5 U.S.C. Sec 552(b)(6)) From: "Kraninger, Kathleen L. EOP/OMB" <Ex 6 - (5 U.S.C. Sec 552(b)(6)) To: Tue, 08 May 2018 17:19:21 -0400 Date: Kathy -An email chain, a DOJ Press Release, and WH Press Release on "Catch and Release" are below. Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process From: Brant, Alex M. EOP/OMB Ex 6 - (5 U.S.C. Sec Sent: Wednesday, April 4, 2018 4:56 PM To: Kraninger, Kathleen L. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)) Cc: Abrams, Andrew D. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)); Holm, Jim S. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)); Marten, Lexi N. EOP/OMB < Ex 6 - (5 U.S.C. Sec 552(b)(6)) Subject: RE: ICE Bed Capacity Update Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process Alex From: Kraninger, Kathleen L. EOP/OMB [mailto Ex 6 - (5 U.S.C. Sec 552(b)(6)) Sent: Wednesday, April 4, 2018 4:46 PM To: Brant, Alex M. EOP/OMB Ex 6 - (5 U.S.C. Sec Cc: Abrams, Andrew D. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)); Holm, Jim S. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)); Marten, Lexi N. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)) Subject: RE: ICE Bed Capacity Update Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process



Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process

From: Brant, Alex M. EOP/OMB (Ex 6 - (5 U.S.C. Sec

Sent: Wednesday, April 4, 2018 4:42 PM

To: Kraninger, Kathleen L. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6))

Cc: Abrams, Andrew D. EOP/OMEEX 6 - (5 U.S.C. Sec 552(b)(6)) Holm, Jim S. EOP/OMB

Ex 6 - (5 U.S.C. Sec 552(b)(6)); Marten, Lexi N. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: ICE Bed Capacity Update

Kathy,



Thanks,

Alex

This "zero-tolerance" policy is what was references in yesterday's news conference. https://www.justice.gov/opa/pr/attorney-general-announces-zero-tolerance-policy-criminal-illegalentry

FOR IMMEDIATE RELEASE Friday, April 6, 2018

Attorney General Announces Zero-Tolerance Policy for Criminal Illegal Entry

Attorney General Jeff Sessions today notified all U.S. Attorney's Offices along the Southwest Border of a new "zero-tolerance policy" for offenses under 8 U.S.C. § 1325(a), which prohibits both attempted illegal entry and illegal entry into the United States by an alien. The implementation of the Attorney General's zero-tolerance policy comes as the Department of Homeland Security reported a 203 percent increase in



illegal border crossings from March 2017 to March 2018, and a 37 percent increase from February 2018 to March 2018—the largest month-to-month increase since 2011.

"The situation at our Southwest Border is unacceptable. Congress has failed to pass effective legislation that serves the national interest—that closes dangerous loopholes and fully funds a wall along our southern border. As a result, a crisis has erupted at our Southwest Border that necessitates an escalated effort to prosecute those who choose to illegally cross our border," said Attorney General Jeff Sessions. "To those who wish to challenge the Trump Administration's commitment to public safety, national security, and the rule of law, I warn you: illegally entering this country will not be rewarded, but will instead be met with the full prosecutorial powers of the Department of Justice. To the Department's prosecutors, I urge you: promoting and enforcing the rule of law is vital to protecting a nation, its borders, and its citizens. You play a critical part in fulfilling these goals, and I thank you for your continued efforts in seeing to it that our laws—and as a result, our nation—are respected."

On <u>April 11, 2017</u>, Attorney General Jeff Sessions announced a renewed commitment to criminal immigration enforcement. As part of that announcement, the Attorney General issued a memorandum to all federal prosecutors and directed them to prioritize the prosecution of certain criminal immigration offenses.

Today's zero-tolerance policy further directs each U.S. Attorney's Office along the Southwest Border (i.e., Southern District of California, District of Arizona, District of New Mexico, Western District of Texas, and the Southern District of Texas) to adopt a policy to prosecute all Department of Homeland Security referrals of section 1325(a) violations, to the extent practicable.

WH Press https://www.whitehouse.gov/briefings-statements/need-know-president-donald-j-trumps-efforts-end-catch-release/

What You Need To Know About President Donald J. Trump's Efforts To End Catch And Release IMMIGRATION

Issued on: April 9, 2018

SHARE:

WHAT: President Trump directed his Administration to end "catch and release" and enhance immigration enforcement efforts.

On Friday, the President signed a Memorandum directing his Administration to promptly submit reports laying out what further steps are needed to strengthen immigration enforcement, secure our border, and end "catch and release," the dangerous practice whereby aliens who have violated our Nation's immigration laws are released into the United States shortly after their apprehension.



Within 45 days, the Departments of Homeland Security, Defense, Justice, and Health and Human Services will submit a report outlining past and ongoing efforts to end "catch and release." Another report will be submitted within 75 days detailing what additional resources or authorities are needed to finally and fully achieve this goal.

President Trump also directed his Administration to submit a report within 60 days laying out all measures currently being pursued to ensure removable aliens are returned to their home countries. This report will include diplomatic measures being pursued against countries that refuse to take back nationals who are being removed from the United States.

WHY: Catch and release has allowed an influx of illegal aliens to enter and remain in the United States and only encourages more and more illegal immigration.

Legal loopholes continue to obstruct immigration enforcement efforts, leading to a significant number of illegal aliens being detained and subsequently released into the interior of the United States. For example, DHS can only detain accompanied minors who enter as part of a family unit for a maximum of 20 days based on a court's interpretation of a consent decree from twenty years ago. Constraints on immigration enforcement also ensure that nearly all family units apprehended at the border are released. Current law entirely prohibits unaccompanied alien children (UAC) who are not from Canada or Mexico from being promptly returned to their home countries. As a result, more than 107,000 UAC have been released into the United States since fiscal year 2016. Finally, despite repeated requests to Congress for more funding, DHS lacks sufficient resources to ensure detention space to meet operational needs.

It is time to empower Federal authorities by providing them with the legal authority and resources they need to effectively enforce our Nation's immigration laws. Otherwise, the influx of illegal aliens into the United States will only continue.

Lexi Marten

Office of Management and Budget Executive Office of the President

Phone: 202-395-1227



Fwd: CJS Managers' Package and Amendments

Ex 6 - (5 U.S.C. Sec 552(b)(6)) From:

"LaPlaca, Dan EOP/OMB" < Ex 6 - (5 U.S.C. Sec To:

Date: Thu, 14 Jun 2018 10:47:29 -0400

Leg Branch Managers' Package.docx (19.66 kB); Merkley - Cole Memo

Attachments Reversion.pdf (19.6 kB); Schatz Census.pdf (192.8 kB); Lankford - Marijuana.pdf

(19.49 kB); Merkley - Family Separation.pdf (18.49 kB); Lankford - CVF.PDF (19.79

kB); FINAL - CJS FY19 Managers Package.pdf (383.86 kB)

Dan, attached are the amendments for the Senate CJS markup about to begin.

Expect that only the manager's package will be adopted.

AJ Sugarman

O: (202) 456-1495 C: (202) 881-7297

Sent from my iPhone

Begin forwarded message:

From: "Canfield, Ryan N. EOP/WHO" Ex 6 - (5 U.S.C. Sec

Date: June 14, 2018 at 10:44:36 AM EDT

To: "Sugarman, AJ J. EOP/OMB" < Ex 6 - (5 U.S.C. Sec

Subject: RE: CJS Managers' Package and Amendments

From: Sugarman, AJ J. EOP/OMB

Sent: Thursday, June 14, 2018 10:31 AM

To: Canfield, Ryan N. EOP/WHO ⟨Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: Re: CJS Managers' Package and Amendments

Thanks! Do you have the attachment?

AJ Sugarman

O: (202) 456-1495 C: (202) 881-7297

Sent from my iPhone



On Jun 14, 2018, at 10:08 AM, Canfield, Ryan N. EOP/WHO (Ex 6 - (5 U.S.C. Sec

FYI

From: Cutrell, Dayne (Appropriations)
Sent: Thursday, June 14, 2018 10:03 AM

Cc: Cutler, Allen (Appropriations) {Ex 6 - (5 U.S.C. Sec 552(b)(6)) }; Busby, Amber (Appropriations)

Ex 6 - (5 U.S.C. Sec 552(b)(6)) : Littleton, Rachel (Appropriations)

Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: RE: CJS Managers' Package and Amendments

Good morning folks -

A few developments to report since my email last night. First, we do not anticipate a ZTE related amendment at mark-up. Further, we anticipate that Senator Lankford will offer and withdraw his medical marijuana related amendment and therefore will not request a roll call vote. Thus, the only roll call voted expected is Senator Lankford's CVF amendment, which Chairman Shelby and Subcommittee Chairman Moran will oppose.

Lastly, I wanted to make everyone aware that the order of the mark-up today has changed. CJS will go first, then Interior, followed by Leg Branch.

Happy to answer any questions or help in any way.

DWC

4.5366

Cell – Ex 6 - (5

From: Cutrell, Dayne (Appropriations)
Sent: Wednesday, June 13, 2018 7:47 PM

Cc: Cutler, Allen (Appropriations) < Ex 6 - (5 U.S.C. Sec 552(b)(6)) ; Busby, Amber (Appropriations)

 $\langle Ex 6 - (5 \text{ U.S.C. Sec } 552(b)(6)) \rangle$; Littleton, Rachel (Appropriations)

Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: CJS Managers' Package and Amendments

Good evening all –

Attached, please find the current Managers' Package for the FY19 Commerce, Justice, Science, and Related Agencies Appropriations Bill. The Managers' Package has been agreed to by both the majority and the minority.



wrote:

In addition to the Managers' Package (which we hope will go by UC), we are aware of the below amendments that may be offered during the markup:

- 1. Senator Lankford Amendment regarding CVF/CHIMP (roll call vote expected and amendment attached)
- 2. Senator Lankford Amendment regarding Medical Marijuana (roll call vote requested and amendment attached)
- 3. Senator Merkley Amendment regarding the Cole memo (marijuana related amendment expected to offer/withdraw and amendment attached)
- 4. Senator Schatz Amendment regarding Census immigration question (expected to offer/withdraw and amendment attached)
- 5. Senator Merkley Amendment regarding Family Separation (amendment unlikely but attached)

Lastly, there are ongoing discussions regarding a possible amendment on ZTE. There is a current scoring issue with this proposal and more information will be provided when available. Furthermore, we will send out an update, if needed, should anything change prior to markup tomorrow morning.

Please let us know if you have any questions, and we appreciate everyone's cooperation and input thus far. Should you need immediate assistance or if something changes from the above, please let us know as soon as possible.

Thank you,

DWC 4.5366



LEW18331 S.L.C.

AMEN	DMENT NO	Calendar No
of wi	Justice in a manner that	of funds by the Department at would prevent or interfere f certain State laws relating
IN THE	SENATE OF THE UNITED	STATES—115th Cong., 2d Sess.
	S	_
an yea	d Justice, Science, and R	Departments of Commerce delated Agencies for the fiscal part, 2019, and for other pur-
Refer	red to the Committee on ordered to b	
	Ordered to lie on the tal	ble and to be printed
AME	ENDMENT intended to be p	proposed by Mr. Merkley
Viz:		
1	At the end of title II, ad	d the following:
2	SEC. 2 None of th	e funds made available under
3 this	s Act may be used by the	e Department of Justice for
4 any	activity that prevents, o	or interferes with, the imple-
5 me	ntation of a State law tha	t authorizes the use, distribu-
6 tion	n, possession, or cultivat	ion of marijuana for a non-
7 me	dical use, unless the act	ivity directly implicates 1 or
8 mo	re of the Federal enforcer	ment priorities described in—
9	(1) the August 29,	2013 Department of Justice
10	memorandum from Jan	nes M. Cole, Deputy Attorney



1	General, entitled "Guidance Regarding Marijuana
2	Enforcement";
3	(2) the February 14, 2014 Department of Jus-
4	tice memorandum from James M. Cole, Deputy At-
5	torney General, entitled "Guidance Regarding Mari-
6	juana Related Financial Crimes"; or
7	(3) the October 28, 2014 Department of Jus-
8	tice memorandum from Monty Wilkinson, Director
9	of the Executive Office for United States Attorneys,
10	entitled "Policy Statement Regarding Marijuana
11	Issues in Indian Country".



Brian Folk &

AMENDMENT NO	Calendar No
Purpose: To prohibit the Secretar untested questions in the 202	
IN THE SENATE OF THE UNITED S	TATES-115th Cong., 2d Sess.
S	-
Making appropriations for the and Justice, Science, and Reyear ending September 30, poses.	lated Agencies for the fiscal
Referred to the Committee on ordered to be	printed and
Ordered to lie on the tabl	e and to be printed
AMENDMENT intended to be p	roposed by Mr. Schatz
Viz:	
1 At the appropriate place,	insert the following:
2 Sec None of the	funds made available under
3 this Act may be used by the	Secretary of Commerce to
4 incorporate into the 2020 dec	cennial census any question
5 that was not included in the	2018 End-to-End Census
6 Test in Providence County,	Rhode Island, which rep-
7 resents the final testing oppor	ortunity for 2020 decennial
8 census content, design, method	ls, and systems.

ALB18750 S.L.C.

AM	IENDMENT NO Calendar No
Pui	rpose: To modify section 537.
IN	THE SENATE OF THE UNITED STATES—115th Cong., 2d Sess.
	S
Ma	king appropriations for the Departments of Commerce and Justice, Science, and Related Agencies for the fiscal year ending September 30, 2019, and for other purposes.
R	eferred to the Committee on and ordered to be printed
	Ordered to lie on the table and to be printed
A	AMENDMENT intended to be proposed by Mr. LANKFORD
Viz	
1	On page 115, line 18, insert "Provided, That the At-
2	torney General, acting through the Administrator of the
3	Drug Enforcement Administration, removes marijuana
4	from schedule I of section 202(c) of the Controlled Sub-
5	stances Act (21 U.S.C. 812(c))" after "marijuana".



MDM18604 S.L.C.

AW	LENDMENT NO Calendar No
Pu	rpose: To prohibit the criminal prosecution of individuals attempting to unlawfully enter the United States if they are apprehended while accompanied by their minor children, have a credible fear of persecution or torture, and are seeking asylum.
IN	THE SENATE OF THE UNITED STATES—115th Cong., 2d Sess.
	(no.)
Ma	king appropriations for the Departments of Commerce and Justice, Science, and Related Agencies for the fiscal year ending September 30, 2019, and for other pur- poses.
R	eferred to the Committee on and ordered to be printed
	Ordered to lie on the table and to be printed
	Amendment intended to be proposed by Mr. Merkley
Viz	
1	At the appropriate place, insert the following:
2	Sec No funds made available by this Act or
3	by any other Act may be used to prosecute any individual
4	under section 275(a) of the Immigration and Nationality
5	Act (8 U.S.C. 1325(a)) who was apprehended while ac-
6	companied by his or her minor children, has a credible
7	fear of persecution or torture, and is seeking asylum.



HEN18669 S.L.C.

AM	ENDMENT NO Calendar No
Pur	pose: To improve the provision relating to the Crime Victims Fund.
IN	THE SENATE OF THE UNITED STATES—115th Cong., 2d Sess.
	S.
Mal	king appropriations for the Departments of Commerce and Justice, Science, and Related Agencies for the fiscal year ending September 30, 2019, and for other pur- poses.
Re	eferred to the Committee on and ordered to be printed
	Ordered to lie on the table and to be printed
A	MENDMENTS intended to be proposed by Mr. LANKFORD
Viz	
1	On page 95, line 16, strike "amounts deposited or
2	available in" and insert "for fiscal year 2019, and each
3	fiscal year thereafter, amounts in".
4	On page 95, line 18, strike "in any fiscal year" and
5	all that follows through "Provided, That" on line 20 and
6	insert "in excess of the greater of \$4,436,000,000 or the
7	average yearly deposits over the most recent 3 fiscal years
8	before such fiscal year shall not be available for obligation:
9	Provided, That".



MANAGERS PACKAGE

COMMERCE, JUSTICE, SCIENCE, AND RELATED AGENCIES, 2019

REPORT AMENDMENTS

- 1. Amendment by Senator Schatz regarding a STEM apprenticeships study
- 2. Amendment by Senator Rubio regarding marine debris
- 3. Amendment by Senator Schatz regarding NOAA's Coral Reef Program
- 4. Amendment by Senator Murkowski regarding NMFS staffing
- 5. Amendment by Senator Merkley regarding the Pacific Coast Groundfish Fishery
- 6. Amendment by Senator Reed regarding Shellfish Aquaculture
- 7. Amendment by Senator Murkowski regarding the Sea Grant program
- 8. Amendment by Senator Reed regarding Ocean Exploration
- 9. Amendment by Senator Manchin regarding High Performance Computing
- 10. Amendment by Senator Reed regarding NOAA Marine Operation Facilities
- 11. Amendment by Senator Daines regarding anti-methamphetamine funding
- 12. Amendment by Senator Manchin regarding FBI Police
- 13. Amendment by Senator Rubio regarding STOP School Violence Act
- 14. Amendment by Senator Van Hollen regarding Project Safe Neighborhoods
- 15. Amendment by Senator Van Hollen regarding services for trafficking victims
- 16. Amendment by Senator Baldwin regarding Research on Great Lakes Resources
- 17. Amendment by Senators Moran and Shaheen regarding a NASA technical change
- 18. Amendment by Senator Manchin regarding a satellite servicing report



REPORT AMENDMENTS

1. Amendment by Senator Schatz (STEM Apprenticeship Study)

On page 14 of the report, insert the following into the current *STEM Apprenticeships* section as the last sentence of that section:

"The Committee also directs EDA to provide an assessment, within 180 days of enactment of the act, of how STEM apprenticeship grants would complement EDA's investment priorities and grant programs, as well as how they would serve EDA's mission of facilitating regional economic development."

2. Amendment by Senator Rubio (Marine Debris)

On page 27 of the report, in the last paragraph, after "state and local communities and officials", insert:

", and with state, territorial, and local communities and officials in communities significantly impacted by hurricanes in 2017,"

3. Amendment by Senator Schatz (NOAA Coral Reef Program)

On page 29 of the report, strike "pricing models," and insert in its place:

"risk management,"

4. Amendment by Senator Murkowski (NMFS Staffing)

On page 32 of the report, insert the following into the current *NMFS Staffing* section as the last sentence of that section:

"Additionally, the Committee encourages NMFS to station Regional Science Directors within the regions they serve."

5. Amendment by Senator Merkley (Pacific Coast Groundfish Fishery)

On page 37 of the report, before the "Regional Aquaculture Coordinators.—" paragraph, insert:

Pacific Coast Groundfish Fishery.—The Committee recognizes the ongoing impacts on the Pacific coast groundfish fishery trawl industry resulting from NMFS's delay in promulgating regulations to collect loan payments for the 2003 fishing vessel and permit buyback program. This delay caused an additional \$4 million in interest to accrue, resulting in an estimated \$10 million of additional loan payments for the Pacific coast groundfish fishery trawl industry. The Committee notes the implementation of the Revitalizing the Economy of Fisheries in the Pacific Act of 2014, section 3095 of Public Law 113-291, which is intended to provide relief related to this legacy issue."



2 of 5

6. Amendment by Senator Reed (Shellfish Aquaculture)

On page 38 of the report, at the end of the first paragraph, insert the following line as the new last sentence of that paragraph:

"Further, NMFS Aquaculture is encouraged to coordinate with the Department of Agriculture's Agricultural Research Service [ARS] to leverage and supplement existing ARS shellfish research partnerships."

7. Amendment by Senator Murkowski (Sea Grant)

On page 42 of the report, strike the period (.) and insert the following as an addition to the last sentence of the first paragraph to the *National Sea Grant College Program* section:

"and also encourages the Sea Grant program to prioritize providing training, education, outreach, and technical assistance for young fishermen."

8. Amendment by Senator Reed (Ocean Exploration)

On page 44 of the report, in the first line after "Command", insert the following before the comma (,):

"and the Naval Undersea Warfare Center"

9. Amendment by Senator Manchin (High Performance Computing)

On page 53 of the report, strike the period (.) and insert the following as an addition to the last sentence of the first paragraph to the *High Performance Computing* section:

", with an emphasis on finding synergies with existing NOAA infrastructure."

10. Amendment by Senator Reed (NOAA Marine Operation Facilities)

On page 55 of the report, strike the last sentence of the *NOAA Marine Operations Facilities* section and in its place insert:

"The Committee is awaiting this plan, which was due 60 days after enactment of Public Law 115-141, and withholds 25 percent of funds provided for Executive Leadership within the Mission Support line office until NOAA submits it to the Committee."



11. <u>Amendment by Senator Daines (Anti-methamphetamine funding)</u> On page 63 of the report, before "*Trafficking in Persons*." section, insert the following:

"Combating the Continued Methamphetamine Crisis. – The Committee notes that in addition to the heroin and opioid epidemic, many communities and families continue to suffer from a longstanding methamphetamine crisis. In many States, particularly in rural areas, meth-related deaths vastly outnumber those from heroin. The Committee recognizes the strain methamphetamine places on families, communities, rural health providers, and law enforcement agencies, including the disproportionate burden to American Indian tribes. The Committee continues its commitment to fight methamphetamine trafficking and use by providing \$8,000,000 for competitive grants under the COPS Anti-Methamphetamine Task Forces program as well as \$10,000,000 provided to DEA to help State and local law enforcement for meth lab cleanup and container programs. The Committee also notes that of the funding provided in COPS for tribal resources can be used for anti-methamphetamine efforts."

12. <u>Amendment by Senator Van Hollen (Post-conviction relief for trafficking victims)</u> On page 90 of the report, before "Submission of Officer Training Information." insert the following:

"Post-Conviction Relief for Trafficking Victims.—The Committee recognizes that serious, sustained efforts and investments in victim-centered programs are necessary to help address the rise in human trafficking and is committed to helping victims seek justice and ensure that offenders are held accountable. The Committee is concerned about reports that trafficking victims are prosecuted, both at the federal and state levels, for crimes directly related to their trafficking. Criminal convictions often disqualify victims from numerous federal programs and impede their recovery. The Committee is concerned that removing expungement services from eligible activities for fiscal year 2018 OVC grants contradicts the 2017 Trafficking in Persons Report released by the State Department, which encouraged the expansion of vacatur services.

In light of the 2017 State Department report, the Committee requests a study from the Department on the number of trafficked victims who are convicted of crimes related to their trafficking, the types of crimes, and an analysis on how the federal government can supplement state vacatur programs. The report shall be submitted to Congress within 30 days of enactment of this bill."

13. Amendment by Senator Manchin (FBI Police)

On page 80 of the report, after "Counter-Unmanned Aircraft Systems." insert the following:

"FBI Police.—A 2014 study conducted by the FBI's Inspection Division revealed that the primary obstacle faced by FBI Police management was the low retention rate of FBI police officers, federal law enforcement officers tasked with protecting FBI facilities, properties, personnel, visitors, and operations, due to lower pay and fewer benefits compared to other members in the National Capital Region like the U.S. Capitol Police and CIA Police. This has a subsequent negative effect on morale and as a result of lower pay and benefits.

"Under 28 U.S.C. 540C, the Director of the FBI, subject to the supervision of the Attorney General, may establish a permanent police force, to be known as the FBI police. The FBI police shall perform such duties as the Director may prescribe in connection with the protection of persons and property within FBI buildings and grounds.

"The Committee encourages the Director of the FBI to make the rates of basic pay, salary schedule, pay provisions, and benefits for members of the FBI police equivalent to the rates of basic pay, salary schedule, pay provisions, and benefits applicable to other federal police divisions. Within 180 days of enactment, the FBI shall report to the Committee on the retention rate and pay of the FBI police compared



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to other federal law enforcement with similar missions. The Committee urges the FBI to coordinate, as appropriate, with the U.S. Office of Personnel Management (OPM) and any other relevant agency as it implements these activities."

14. <u>Amendment by Senator Rubio regarding STOP School Violence Act</u> On page 90 of the report, insert the following adjustments:

"BJA" between "consider using" and "funds"; Capitalize "A" in "act" between "under the" and "for school violence"; and At the end of the paragraph, "As designated in the authorization for the COPS portion of this program, funding is allowable for strengthening security measures, such as technology for expedited notification of local law enforcement during an emergency, locks, lighting, and other deterrent measures."

15. <u>Amendment by Senator Van Hollen regarding Project Safe Neighborhoods</u> On page 100 of the report, strike the first sentence and insert the following:

"The Committee encourages OJP to use PSN funds to support evidence-based and data-driven focused intervention, deterrence, and prevention initiatives that aim to reduce violence."

16. <u>Amendment by Senator Baldwin (Research on Great Lakes Resources)</u> On page 113 of the report, after "to emerging contaminants." insert the following paragraph:

"Research on the Great Lakes Resources —The Committee notes that the Great Lakes resources represent a unique, linked, and economically-critical freshwater ecosystem that faces significant environmental challenges, including invasive species, runoff, and harmful algal blooms, and believes its long-term health depends on the quality of scientific knowledge and technical and policy solutions gained by research operations. The Committee is concerned that the vessels of the Great Lakes ecosystem Federal research fleet and regional academic institutions' fleets are nearing the end of their useful service lives and inadequate for the demands of their interdisciplinary research mission, resulting in capability gaps and undermining Federal research goals. Accordingly, the Committee directs OSTP, no later than 180 days after enactment of this act, to submit an assessment of Great Lakes resources research operations, to include an evaluation of current large lake fleet capabilities, projected fleet requirements and costs, and the feasibility of Federal agencies, including NOAA and NSF, in partnering with regional institutions and universities that have recognized commitments to fresh water research sciences to procure and operate research vessels on the Great Lakes and within the Great Lakes ecosystem."

17. <u>Amendment by Senators Moran and Shaheen (NASA technical change)</u>
On page 118 of the report, strike "operational phase" after "mission should have its" and insert:

"prime mission"

18. <u>Amendment by Senator Manchin (Satellite servicing report)</u>
On page 121 of the report, at the end of the paragraph regarding Satellite Servicing / Restore-L, insert the following:

"As the program progresses from research to implementation, the Committee encourages NASA to work with private sector and university partners to facilitate commercialization of the technologies developed within the program and directs NASA to submit with its fiscal year 2020 budget request a report on current efforts underway to encourage commercialization of technology within the Restore-L program, with a focus on how intellectual property will be handled."

5 of 5



MANAGERS' PACKAGE LEGISLATIVE BRANCH, 2019

1. Amendment by Schatz, Murkowski, Van Hollen, Murphy, and Collins regarding Senate intern compensation.



Senate Intern Compensation - Schatz-Murkowski-Van Hollen-Murphy-Collins

In the bill, on page 6 line 16 strike "\$424,000,000" and insert "429,000,000"; on page 6 line 17 after "2021", insert "and of which \$5,000,000 shall be allocated solely for the purpose of providing financial compensation to Senate interns"; on page 14, line 6 strike "\$102,827,258" and insert "\$97,827,258"; and on page 14, line 6 strike \$20,286,617" and insert "\$15,286,617".

In the report, make such associated conforming changes to funding levels under the heading "Senators' Official Personnel and Office Expense Account" and insert at the end of that section:

Senate Intern Compensation. — The Committee believes that Senate internships should be available to the broadest possible pool of candidates who have the ability and interest to serve. Unfortunately, unpaid internships exclude those who cannot independently afford to work without pay, hindering students' future career opportunities and making it more difficult for Senators to attract and hire the most qualified interns, regardless of socioeconomic status. One important step to expanding Senate opportunities is to provide interns financial compensation via a salary or stipend, which would provide an avenue for more students to have the opportunity to serve their country and gain experience toward a career in public service.

In addition to funding allocated in the table above for Senators' office allowances and for agency contribution costs, the bill includes \$5,000,000 for the sole purpose of providing financial compensation to interns. Any intern compensation funding that remains unspent by any office will be returned to the Treasury in accordance with section 101 of the bill. Such funding is directed to be allocated among Senators' offices in relative proportion to funds allocated for each office's administrative and clerical assistance allowance for fiscal year 2019 shown in the table above, which reflect natural variables including state populations, with a small additional amount for non-contiguous states. On average, each office will be allocated an estimated \$50,000 for intern compensation.

Estimated Senators' Office Allocations for Intern Compensation

State	Intern \$
Alabama	\$46,000
Alaska	\$51,000
Arizona	\$50,100
Arkansas	\$46,000
California	\$73,200
Colorado	\$47,400
Connecticut	\$46,000
Delaware	\$46,000
Florida	\$66,200
Georgia	\$54,200
Hawaii	\$51,000
Idaho	\$46,030
Illinois	\$56,900

State	Intern \$
Indiana	\$48,700
Iowa	\$46,000
Kansas	
	\$46,000
Kentucky	\$46,000
Louisiana	\$46,000
Maine	\$46,000
Maryland	\$48,700
Massachusetts	\$48,700
Michigan	\$54,200
Minnesota	\$47,400
Mississippi	\$46,000
Missouri	\$48,700
Montana	\$46,000

State	Intern \$
Nebraska	\$46,000
Nevada	\$46,000
New	
Hampshire	\$46,000
New Jersey	\$52,800
New Mexico	\$46,000
New York	\$65,400
North Carolina	\$54,200
North Dakota	\$46,000
Ohio	\$55,500
Oklahoma	\$46,000
Oregon	\$46,000
Pennsylvania	\$56,900

State	Intern \$
Rhode Island	\$46,000
South	
Carolina	\$47,400
South Dakota	
	\$46,000
Tennessee	\$48,700
Texas	\$73,200
Utah	\$46,000
Vermont	\$46,000
Virginia	\$51,400
Washington	\$50,100
West Virginia	\$46,000
Wisconsin	\$47,400
Wyoming	\$46,000

In the report, make such associated conforming changes to funding levels under the heading "Architect of the Capitol" and insert the following under the heading "Capitol Power Plant":

The Committee supports continuation of the project, first begun in fiscal year 2012, to replace the cooling towers in the West Refrigeration Plant. The Committee notes that the project cost will total \$232.6 million and that \$107.5 million in appropriations has already been provided spanning eight fiscal years. The remaining \$125.1 million will be requested over the course of another several-year period. Recognizing that funding for several phases of this project has already needed to be divided



into additional, smaller phases, the Committee provides \$5.1 million of the \$21.2 million requested for fiscal year 2019. The Committee looks forward to continuing efforts on this project.



For Review by 3PM Tomorrow (Friday): Immediate Questions on Immigration

```
"Robbins, Amanda H. EOP/OMB" < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >
From:
                "Gray, John W. EOP/OMB" < Ex 6 - (5 U.S.C. Sec >, "Dittmeier, Kerry W.
                                                          >, "Vought, Russell T. EOP/OMB"
                EOP/OMB" < Ex 6 - (5 U.S.C. Sec
                 Ex 6 - (5 U.S.C. Sec
                                              >, "Marten, Lexi N. EOP/OMB"
                 Ex 6 - (5 U.S.C. Sec 552(b)(6)) >, "Abrams, Andrew D. EOP/OMB"
                 Ex 6 - (5 U.S.C. Sec
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                 Ex 6 - (5 U.S.C. Sec
                                             >, "Hanson, Jennifer L. EOP/OMB"
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                                              >, "Blair, Robert B. EOP/OMB"
                 Ex 6 - (5 U.S.C. Sec
                                            >, "Bomberger, Melissa B. EOP/OMB"
To:
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                                        >, "Paoletta, Mark R. EOP/OMB"
                  x 6 - (5 U.S.C. Sec
                                             ,, "Garibay, Marisol EOP/OMB"
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                                              >, "Grogan, Joseph J. EOP/OMB"
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                                              >, "Falk Curtin, Edna T. EOP/OMB"
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                                             >, "King, Barry D. EOP/OMB"
                   x 6 - (5 U.S.C. Sec
                                             >, "Widuch, Brian A. EOP/OMB"
                   x 6 - (5 U.S.C. Sec
Cc:
                DL OMB ExecSec <Ex 6 - (5 U.S.C. Sec
Date:
                Thu, 28 Jun 2018 13:38:20 -0400
Attachments
                Path Forward on Immigration.docx (16.56 kB)
Immigration Team -
Please see the below note and attachment from Policy Coordinator. Exec Sec (cc'd here) will collect
answers to these questions (if applicable) by 3pm, Friday tomorrow.
```



Attached please find a list of big-ticket questions on immigration. Ex 5 DP- (5 U.S.C. Sec 552(b)(5))

Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process

Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative accepted, but we do need something by that time. Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Ex 5 DP- (5 U.S.C. Sec 552(b)(5))

Please let us know if you have additional questions to add. The highest priority questions are in bold.

Thank you,

DCOS/P

Deliberative Process

Amanda Robbins Office of Management and Budget

O: 202.456.3436 | C: 202.881.7003 | E: Ex 6 - (5 U.S.C. Sec 552(b)(6))



Fwd: Answers to UAC Questions

From: alexandra.n.marten@omb.eop.gov

To: "Robbins, Amanda H. EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6))

Date: Mon, 02 Jul 2018 17:30:19 -0400

Attachments Immigration Principals Memo _ 7.2.2018_v4.docx (30.43 kB); Path Forward on

Immigration - DOJ HHS DOD DHS.DOCX (30.6 kB)

Amanda,

Can you accept all these track changes before sending to Russ? I'm not at my desk.

-Lexi

Sent from my iPhone

Begin forwarded message:

From: "Cramer, Drew" < Ex 6 - (5 U.S.C. Sec

Date: July 2, 2018 at 5:26:39 PM EDT

To: "Abrams, Andrew D, EOP/OMB" Ex 6 - (5 U.S.C. Sec Ex 6 - (5 U.S.C. Sec 552(b)(6)) , "Marten, Lexi N. EOP/OMB"

Cc: "Marten, Lexi N. EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6))
Subject: RE: Answers to UAC Questions

Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process

Lexi, if you accept all track changes this

should be good to go.

Drew

Drew Cramer Program Examiner Homeland Branch

Office of Management and Budget

Desk: 202-395-8668 Cell: Ex 6 - (5 U.S.C.

Hi Andrew,

Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process



Amanda Robbins Office of Management and Budget

O: 202.456.3436 | CEx 6 - (5

Ex 6 - (5 U.S.C. Sec 552(b)(6))



Draft Agenda: Immigration PC 7/3

"Robbins, Amanda H. EOP/OMB" <amanda.h.robbins@omb.eopEx_> From: "Vought, Russell T. EOP/OMB" <Ex 6 - (5 U.S.C. Sec EOP/OMB" <Ex 6 - (5 U.S.C. Sec , "Dittmeier, Kerry W. EOP/OMB" Ex 6 - (5 U.S.C. Sec >, "Abrams, Andrew D. EOP/OMB" <Ex 6 - (5 U.S.C. Sec >, "Holm, Jim S. EOP/OMB" Ex 6 - (5 U.S.C. Sec >, "Marten, Lexi N. EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6)) >, "Sciannameo, Maria EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6)) >, "Hanson, Jennifer L. EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6)) >, "Dennehy, Laura C. EOP/OMB" Ex 6 - (5 U.S.C. Sec ,>, "Bomberger, Melissa B. EOP/OMB" To: Ex 6 - (5 U.S.C. Sec 552(b)(6)) >, "Brant, Alex M. EOP/OMB" Ex 6 - (5 U.S.C. Sec >, "Blair, Robert B. EOP/OMB" Ex 6 - (5 U.S.C. Sec ₂>, "Ray, Paul J. EOP/OMB" ⟨Ex 6 - (5 U.S.C. Sec "Paoletta, Mark R. EOP/OMB" < Ex 6 - (5 U.S.C. Sec | >, "Garibay, Marisol EOP/OMB" < Ex 6 - (5 U.S.C. Sec >, "Grogan, Joseph J. EOP/OMB" Ex 6 - (5 U.S.C. Sec >, "Falk Curtin, Edna T. EOP/OMB" <Ex 6 - (5 U.S.C. Sec >, "King, Barry D. EOP/OMB" <Ex 6 - (5 U.S.C. Sec >, "Widuch, Brian A. EOP/OMB" Ex 6 - (5 U.S.C. Sec "Vought, Russell T. EOP/OMB" < Ex 6 - (5 U.S.C. Sec Cc: Date: Mon, 02 Jul 2018 15:43:16 -0400 7.3 Immigration PC v.2.docx (37.28 kB); Ex 5 DP- (5 U.S.C. Sec **Attachments** docx (16.56 kB) Good afternoon, Attached, please find a <u>draft</u> agenda for tomorrow's immigration PC as well as Ex 5 DP- (5 U.S.C. Sec Ex 5 DP- (5 U.S.C. Sec Thanks and see you all at 4pm! Amanda Robbins Office of Management and Budget O: 202.456.3436 | C: 202.881.7003 | E: Ex 6 - (5 U.S.C. Sec 552(b)(6))



Reminder: LRM [DJM-115-170] DUE 07/6 @ 5pm HHS Questions for the Record on FY 2019 Budget

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"Michelson-Horowitz, Daniel J. EOP/OMB" < Ex 6 - (5 U.S.C.
From:
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               AGRICULTURE < Ex 6 - (5 U.S.C. Sec , >, COMMERCE < Ex 6 - (5
               DEFENSE <Ex 6 - (5 U.S.C. Sec 552(b)(6)) >, EDUCATION
                <Ex 6 - (5 U.S.C. Sec _,>, HHS <Ex 6 - (5 _ _,>, DHS
                <Ex 6 - (5 U.S.C. Sec , NTERIOR <Ex 6 - (5 , JUSTICE
To:
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               Ex 6 - (5 , DL-ONDCP-LRM < Ex 6 - (5 U.S.C. Sec , >, DL-OSTP-LRM < Ex ,
               Ex 6 - (5 U.S.C. _,>, STATE < Ex 6 - (5 U.S.C. __,>, TREASURY
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               EOP/OMB" < Ex 6 - (5 U.S.C. Sec , DL OMB NSP NSD OPS
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                          ,>, "Lucas, Jane B. EOP/WHO"
<Ex 6 - (5 U.S.C. Sec
```

Date: Fri, 06 Jul 2018 14:05:53 -0400

Attachments

DJM-170 HHS QFRs from Senate LHHS FY19 Budget Hearing.docx (102.7 kB)

Dear colleagues,

As a reminder, this LRM closes at 5pm today. If you have not already, please send any edits or comments on the QFRs by the deadline or let me know if you need additional time.

Thank you, Daniel

Daniel Michelson-Horowitz, J.D.



Legislative Analyst

Office of Management and Budget

Phone: (202) 395-2727

Email: Ex 6 - (5 U.S.C. Sec 552(b)(6))

```
From: Michelson-Horowitz, Daniel J. EOP/OMB
Sent: Monday, July 2, 2018 11:06 AM
To: 'AGRICULTURE' < Ex 6 - (5 U.S.C. Sec >; 'COMMERCE' < Ex 6 - (5 ); 'DEFENSE'
<osd.pentagon.ogc.mbx.olc@mail.mil>; 'EDUCATION' < Ex 6 - (5 U.S.C. Sec , >; 'HHS' < Ex 6 - (5
'DHS' < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; 'INTERIOR' < Ex 6 - (5
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\langle Ex 6 - (5 \text{ U.S.C. Sec} \rangle; \text{ Hanson, Jennifer L. EOP/OMB } \langle Ex 6 - (5 \text{ U.S.C. Sec } 552(b)(6)) \rangle;
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Tambornino, John T. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; Aguilar, Brenda L. EOP/OMB
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Slemrod, Jonathan A. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; Finer, Jonathan K. EOP/OMB
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T. EOP/OMB \langle Ex 6 - (5 \text{ U.S.C. Sec } 552(b)(6)) \rangle; Walsh, Heather V. EOP/OMB
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Talento, Kathryn F. EOP/WHO < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; Brooks, John H. EOP/WHO
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Jane B. EOP/WHO ⟨Ex 6 - (5 U.S.C. Sec >; Vaeth, Matt J. EOP/OMB
<Ex 6 - (5 U.S.C. Sec
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Michelson-Horowitz, Daniel J. EOP/OMB < Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                                                                  >; Myers, Hayley
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W. EOP/OMB < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; Messenger, Thad T. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; Damis, Rody EOP/OMB < Ex 6 - (5 U.S.C. Sec Society) > Subject: LRM [DJM-115-170] DUE 07/6 @ 5pm HHS Questions for the Record on FY 2019 Budget

DEADLINE: 5pm Friday, July 06, 2018

Attached please find draft QFRs from the Senate Labor-HHS Appropriations Subcommittee's FY19 Budget Hearing. Testimony for the Secretary's budget hearings was circulated under LRM HWM-115-114. The attached 58-page QFRs cover a vast range of topics and are organized by member, with subject headers between most questions. There are several questions on HHS's role in the care of unaccompanied alien children (UACs).

Please review the draft QFRs and provide any comments by the deadline.

LRM ID: DJM-115-170

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

LEGISLATIVE REFERRAL MEMORANDUM Monday, July 02, 2018

TO: Legislative Liaison Officer - See Distribution

FROM: Menard, Barbara (for) Assistant Director for Legislative Reference SUBJECT: LRM [DJM-115-170] DUE 07/6 @ 5pm HHS Questions for the Record on FY 2019 Budget

OMB CONTACT: Daniel Michelson-Horowitz

E-Mail: Ex 6 - (5 U.S.C. Sec 552(b)(6))

PHONE: **(202) 395-2727** FAX: **(202) 395-6148**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. By the deadline above, please reply by e-mail or telephone, using the OMB Contact information above.

Please advise us if this item will affect direct spending or receipts for the purposes of the Statutory Payas-You-Go Act of 2010.

Thank you.



FW: July 19 nomination hearing unofficial transcript

From: "Slemrod, Jonathan A. EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6))

To: "Kraninger, Kathleen L. EOP/OMB" Ex 6 - (5 U.S.C. Sec 552(b)(6))

Date: Mon, 23 Jul 2018 10:38:32 -0400

Attachments: 2018.07.19 BHUA unofficial transcript_Kraninger nomination hearing.docx (92.45 kB)



Senate Committee on Banking, Housing, and Urban Affairs

Nomination hearing of Ms. Kathleen Laura Kraninger to be Director of the Bureau of Consumer Financial Protection; and Ms. Kimberly A. Reed to be President of the Export-Import Bank

CRAPO:

This hearing will come to order.

This morning we will consider the nomination of two individuals to serve in critical leadership roles within the administration.

I welcome both of you, and congratulations on your nominations to these important offices. I see friends and family here together with you today and welcome them as well. The nominees before us are Kathy Kraninger to be the Director of the Bureau of Consumer Financial Protection, and Kimberly Reed to be the President of the Export-Import Bank of the United States.

These positions are critically important to protecting consumers and the consumer financial products and services marketplace and facilitating global trade of the U.S. goods and services. These nominees bring years of valuable experience at nonprofits and in the public service, and will provide valued leadership in carrying out missions of their agencies.

Ms. Kraninger has had a distinguished career in public service with exposure to a diverse set of federal agencies, as well as developing a particular expertise in the budget and appropriations processes. Since March 2017, Ms. Kraninger has served as Associate Director for General Government at the Office of Management and Budget, where she oversees and monitors approximately \$250 billion in budgetary resources for numerous cabinet departments and federal agencies.

She has also served as OMB's principle policy official for issues related to Treasury Department, Department of Housing and Urban Development, and Federal Financial Regulators. Prior to joining OMB, she held leadership positions at the Department of Transportation and the Department of Homeland Security, as well as serving on the staff of several congressional committees.

Given her depth and diversity of public service and experience, I have the utmost confidence that she is well-prepared to lead the bureau in enforcing federal consumer financial laws and protecting consumers in the financial marketplace.

Ms. Reed was considered by this committee last year as the nominee to serve as the first Vice President of the Export-Import Bank, and today we consider her nomination to be its president. Ms. Reed also has had a distinguished career in public service, previously serving as senior adviser to former Treasury Secretaries Paulson and Snow. In addition, she has served on several congressional committees and has held impressive leadership positions in the private sector. Ms. Reed is well-positioned to help move the bank forward in a positive direction.

With respect to Ms. Kraninger, some Senators have requested a long list of documents, including e-mails, schedules, involvement in memos, White House communications, et cetera, relating to Ms. Kraninger's role at OMB with respect to the administration's zero-tolerance and the administration's response to Hurricane Maria in Puerto Rico.



These requests are designed to go after certain extraneous administration policies that the requesters do not like, and go (ph) far beyond the practice of this committee in document production. Indeed, I would not expect this administration or any administration to release documents related to its ongoing deliberative process, and furthermore, my understanding is that Ms. Kraninger is not the custodian of these records and has given the request for information to the White House.

As I've indicated, I don't have an expectation that the White House or the agencies involved will provide these documents, but that's an issue outside this nomination process.

The Democratic senators of this committee asked me to delay this hearing today to seek these documents. I'm unaware of the Banking Committee delaying a hearing for such a reason. To be consistent, I have followed a similar timeline as the committee had (ph) set for then-nominee Richard Cordray in 2013.

As a reminder, the Senate received Mr. Cordray's official nomination from the president on February, 2013 -- February 13th, 2013. Approximately one month later, on March 12th, 2013, the committee held a hearing to consider Mr. Cordray's nomination and voted the nominee out of committee one week later on March 19th.

Similarly, the Senate received Ms. Kraninger's official nomination from the president on June 20, 2018. Approximately one month later, we are holding this hearing. She has provided all of the paperwork that the Banking Committee requires.

The purpose of these hearings is to provide all senators of this committee the opportunity to ask any questions of this nominee, who will be under oath. I intend to ask Ms. Kraninger, who will be under oath, about her role in developing policy at the OMB. Other senators will be given the similar opportunity question -- to question Ms. Kraninger, and also follow up with questions for the record, as we traditionally do.

I take the Senate's constitutional authority seriously, and am confident that Ms. Kraninger will be sufficiently vetted, as have our previous nominees, for this committee to provide a recommendation to the Full Senate on this nomination.

As a separate manner -- matter, many of us have experienced frustration with the bureau in previous years. In April 2016, former Bureau Director Cordray testified before this committee. Senators on the committee sent questions for the record that same month. It took Director Cordray over 16 months to respond to this committee. It's my hope that as -- if confirmed, Ms. Kraninger will be more accountable to senators on this committee than Director Cordray was, and I look forward today to a very vigorous debate and a vote on the nominees.

CRAPO:

Senator Brown?

BROWN:

I think the chair -- I think the chairman knows that -- that -- that comparison is specious, but I will get to that in a moment. It was a very simple request, it's been out there four weeks, but I want to talk more about that, as I said, in a moment.

Thanks. Welcome to the nominees, especially Ms. Kraninger, who brought her Ohio family with her. Good to see you all. And Ms. Reed, who also has some Ohio ties, nice to see you and good to -- to see you both.

The financial crisis started when greedy lenders lured families into scam loans they could not afford. The whole enterprise was designed to transfer wealth upwards, stripping hard-earned home equity from the middle class, putting it in the pockets of shady lenders, and with that they were successful.



And I see that -- as members of this committee are familiar with, I see that every day where I live in Cleveland. And zip -- my wife and I live in zip code 44105, five or six miles from where we -- from where Ms. Kraninger grew up. My zip code, 44105, in 2007, the first half of that year had more foreclosures than any zip code in the United States of America, and you know or should know what that does to families and to neighborhoods. Behind all those numbers were thousands upon thousands of painful conversations around kitchen tables.

Congress created the Consumer Financial Protection Bureau to prevent the need for those heartbreaking conversations ever again. Like food inspectors, the CFPB hunts down scammers trying to sneak toxic -- toxic products back onto our kitchen tables. The Consumer Bureau isn't just a response to the last crisis, it's one of the most important tools we have to prevent the next crisis.

Though 2008 should have served as a wake-up call for watchdogs and CEOs, over the past 6 years Consumer Bureau inspectors have still found plenty rotten in the banking industry. From 2012 to 2017, CFPB won \$12 billion -- 12 thousand million -- \$12 billion in relief for 29 million Americans, 12 billion reasons for Wall Street to hate the CFPB.

Lucky for them, lucky for Wall Street, they were able to install one of their own, Mick Mulvaney, to head the bureau. He's dropped investigations, he's reduced meaningful settlements to slaps on the wrist. Now he wants his protege to run the agency.

For months, I urged the administration to nominate someone to lead the CFPB who had a track record -- a track record of working for consumers. Unfortunately, Ms. Kraninger has no experience whatsoever in consumer protection. Mr. Mulvaney argues she should be approved because of her bid (ph) management and budget experience. It's hard to see how that's enough, especially given the nominee's refusal to provide information requested by committee members.

Every one of us on this side of the dais wanted this hearing postponed until we got information about that experience. When the nominee and I met, she said it was out of her hands, she would try to get a response; that was over a week ago, still nothing. The letter was four weeks ago, the response was one week ago. What is the administration hiding?

If my Republican colleagues are concerned about transparency and about accountability and responsiveness, they should note this nominee's failure to reply to a simple request about her responsibilities in her current job. Again, a request that was submitted four weeks ago.

Here's what we do know: at the Office of Management and Budget, she signed off on a \$1.9 trillion tax break for millionaires. To pay for it, she helped write a budget -- she called it an "aspirational document" to me -- that would triple the rent for families that are already struggling to get by; \$1.9 trillion in tax cuts, 80 percent of those tax cuts over time go to the richest 1 percent, and -- and this administration, with the approval of the designee to be Head of CFPB, is willing to triple the rates for families that are already struggling to get by.

She's been involved in the management of one disastrous policy after another. The botched response to Hurricanes in Puerto Rico has left American citizens -- American citizens -- to fend for themselves. A housing policy that undoubtedly will increase homelessness. The administration's cruelest policy yet, separating children from their parents at the border.

I hope we will know more by the end of the hearing. These issues go to the heart of how -- how she will handle any new job. Management is supposed to be Ms. Kraninger's one qualification. Nobody wants Mr. Mulvaney out of CFPB faster than I do, but American consumers can't afford 5 years of someone who stands -- who stands with the bankers in the administration and stands with the bankers in Wall Street. We need a CFPB Director who will sit with hardworking families at their kitchen tables.



I know my Republican colleagues are eager to move this nominee in spite of the administration's stonewalling. I wish they showed a little of this kind of urgency when it comes to the jobs that have been put at risk by the failure to have a functional Export-Import Bank.

Ms. Reed has returned for her second appearance before the Banking Committee. She's well qualified to lead Ex-Im. Our committee voted overwhelmingly to support her nomination as First Vice President -- First Vice President last December.

There are 109 export credit agency and credit programs throughout the world that support American -- that support foreign manufacturers, but the U.S. has literally -- has -- has unilaterally and literally disarmed. When it comes to helping exporters, the policy of some of our colleagues seem to be America last.

It's been 4 years since the Senate confirmed an Ex-Im nominee, leaving Ex-Im partially shut down for 3 years. American businesses have transactions worth more than \$40 billion pending at the bank, yet there's been stonewalling from this committee and this Republican leadership for years. Those deals and the resulting jobs will mean -- will move overseas unless the boards -- the bank's board (ph) is restored.

If President Trump and Republicans are serious about helping American manufacturers after 3 years of obstruction -- there's no other word to describe it -- they should urge the majority leader to schedule consideration of Ms. Reed and the other Ex-Im board members immediately.

In one sense, you brought it up at the end of your opening statement, Mr. Chairman. I want to say one more thing. The -- there is -- there is, simply put, no comparison to Rich Cordray in this process. Seven hundred thirty days passed between his nomination and his confirmation, July 18th, 2011 to July 16th, 2013; almost 2 full years. Ms. Kraninger was nominated one month ago. Two years, one month comparison.

Mr. Cordray -- look at his qualifications. Ohio Attorney General, Solicitor General, Clerk for Supreme Court Justice Kennedy, argued in front of the Supreme Court six times, deep experience with consumer rights and civil rights laws. Cordray's qualifications were never under question, but 44 Republicans signed a letter saying they would support no one -- no one -- to head the agency unless we changed the law to weaken the agency.

Cordray's first nomination died in the Senate when he was renominated -- again, even after having a clear track record at CFPB, Republicans continued to oppose his nomination until we defanged the CFPB. You know, that's what Wall Street wanted, so like one bird flying off the wire, they all fly off the wire, continue to side with Wall Street to defang this agency.

All we ask for with Ms. Kraninger is a response to basic questions regarding Ms. Kraninger's current job so we can evaluate her management skills, which this nomination hangs on. Again, it's not her work in consumer protection, it's her management skills. Tell us more about those management skills.

Republicans held up Mr. Cordray for 2 years demanding changes to the law before they would even consider a nomination. So the comparison between that process and this, Mr. Chairman, is specious.

CRAPO:

Well, thank you, Senator Brown.

Since you decided to go into that, I will also go into a little further discussion of the document request. It's been described here today as a simple request that goes into Ms. Kraninger's relationship to some of these policies. The fact is, it's a document request that goes into virtually every conceivable document related to the deliberative process, the budgeting process, and the implementation concerning administration policies ranging from immigration to hurricane relief.



And now we've had the tax code thrown in as well. Ms. Kraninger is not the custodian of these documents. She has forwarded this request to the White House. These document requests are obviously designed to go after various policies of the administration with which the requesters disagree and go far beyond any precedent of this committee in what it requires of nominees.

These requests seek to open up extensive document production in five agencies, OMB, DOJ, DHS, Treasury and HUD, including also the White House itself. This is a multifaceted battle with the president being played out in the context of this committee's nomination process. Indeed, I would not expect this administration or, frankly, any administration to release these types of documents related to its deliberative process.

As I said before, Ms. Kraninger has provided all documents and information which this committee requires of nominees, and we will get answers from her today on the issues you said we need to get information about (ph).

(CROSSTALK)

BROWN:

One -- one more statement. Now we've never really done this before, but I -- I am just kind of amazed by this. I -- I'm sorry, Mr. Chairman, you have to explain the inexplicable on part of this -- this Trump White House that simply won't step up on this. If there is a claim -- if there is a claim of deliberative process, the White House never has used that claim. They have never even responded to the letter, let alone any details has she be willing to share with any of the members who -- with whom she met one-on-one, including me.

She also has not been willing, nor has the White House, to give us an answer to the letter, even if the answer is "We claim deliberative process." So I just don't -- hope the committee's not going to start acting like this, that the White House doesn't have to answer letters, doesn't have to answer questions from members of the Senate. Mr. Chairman.

CRAPO:

Well it's unfortunate to me that the committee's starting to get into these kind of battles, too. I'm discouraged by that, and I hope that this does not change the tenor of cooperation that we have on many other issues.

I understand the importance of this nomination. I understand the long-term battle we've had over the CFPB and its leadership. And the bottom line is I don't know - I -- as I understand, Ms. Kraninger has passed this document request on to the White House. There are processes by which we can all seek documents from agencies and the White House, and I assume you're engaged in that process now -- that she has passed this document on.

I don't know what their answer's going to be. I'd tell you what I think their answer will be, but I don't know what it will be. But that issue is an issue that goes beyond this nomination process. That's my point today.

BROWN:

I just think there is no incentive for the -- if we continue on their merry way, just like all of you in this committee that have spoken with justified outrage, particularly Senator Sasse and sister -- Senator Corker, with the president's performance on Monday night and -- on Monday in Moscow -- or in Helsinki, but there's never a consequence for this administration because we all continue to do the administration's -- all of you continue to do the administration's bidding, whether it's confirmation of Ms. Kraninger or whether it's passing -- confirming another judge, or whether it's passing another tax cut for rich people in this country.



If -- if the behave -- why should the president change his behavior when there is never a price to pay? And one price would be let's not do this nomination until they actually give us an answer on some of these questions.

CRAPO:

Well, like I said. I understand the battle that you're having with the president on many issues. I don't agree with transporting that battle into this nomination process. And so today we will proceed.

Would the witnesses please rise? And raise your right hands, please. Do you swear or affirm that the testimony that you are about to give is the truth, the whole truth, and nothing but the truth so help you God?

And also do you agree to appear and testify before any duly constituted committee of the Senate if asked?

Thank you. You may be seated. Each of your written statements will be made a part of this record in their entirety. Before you begin your statements, as your turn comes, I invite you to introduce your family, who are here with you, if you would like to do so. And Ms. Kraninger, we will start with you. You may please proceed.

KRANINGER:

Ranking Member Brown, members of the committee, thank you for the opportunity to appear before you today. It is a privilege to be here as the president's nominee for the Director of the Bureau of Consumer Financial Protection. I want to thank President Trump for this honor and for the confidence he has placed in me with this nomination.

I'd also like to express my deepest gratitude to my family and friends who have joined me today. My parents, Dave and Pat (ph), as Senator Brown mentioned, are from Cleveland, Ohio. My older brothers, Dave and Dan (ph) and their families have traveled from Wisconsin and Connecticut. My younger brother, Matt (ph), and his family are watching online.

I am incredibly lucky to have an amazing family who has encouraged me in every endeavor and that has taught me that hard work and dedication -- with that, everything is possible in this country of ours.

I'm also especially grateful for their steadfast support as I have followed my call to public service and pursued a career serving the American people. My love for our country, its ideals and promise, drives my commitment to public service. It sparked my interest in my university summer internship program, where I worked for my hometown congressman, Senator Brown.

It inspired my decision to join the Peace Corps and serve for 2 years overseas teaching in the former Soviet Union. There I saw firsthand the devastating impact of communism, the economic consequences of central planning, and the absence of free markets and (ph) the rule of law.

Following the attacks of September 11, 2001, I felt the call even more deeply to serve our country in a time of need. I'm very proud to have served on the leadership teams at both the Department of Transportation and Homeland Security during that extraordinarily challenging time for our nation.

I've also been honored to serve three committees -- congressional committees, including the Senate Appropriations Committee under Senator Shelby's leadership.

In my current position as Associate Director at the Office of Management and Budget, I have taken a broader leadership role and I oversee \$250 billion in budgetary resources and related policies for seven cabinet agencies and 30 other federal agencies, including the bureau and the other financial regulators.



Throughout my career, I have focused on implementing common sense solutions to complex problems and delivering real value for the American people. While I will not prejudge and cannot predict every decision that will come before me, as director, if confirmed, I can assure you that I will focus solely on serving the American people.

KRANINGER:

Congress established the Bureau for Consumer Financial Protection to ensure all consumers have access to markets for consumer financial products and services that are fair, transparent, and competitive. I am firmly committed to fulfilling that congressional mandate.

To do so, I will establish four initial priorities. First, the bureau should be transparent and fair, ensuring its actions empower consumers to make good choices and provide certainty for marketplace participants. In particular, the bureau should make robust use of cost benefit analysis as required by Congress to facilitate competition and provide clear rules of the road.

In my experience, effective use of notice and comment rulemaking is essential to proper balancing of all interests. It also enables consideration of tailoring to reduce the burden of compliance, particularly on consumers and smaller place market participants.

Second, the bureau should work closely with other financial regulators in the states on supervision and enforcement. Nothing is more destructive to competitive markets and consumer choice than fraudulent behavior. Under my stewardship, the bureau will take aggressive action against bad actors who break the rules by engaging in fraud and other illegal activity.

Third, the bureau must recognize its profound duty to the American people to protect the data in its possession. Under my leadership, the bureau would limit data collection only to what is required under law and is necessary to carry out its mission and ensure that that data is protected. The issue clearly needs more attention because consumers are unaware of the vulnerabilities they face and unsure of what steps to take to protect themselves.

Fourth, the bureau must be accountable for its actions, including its expenditure of resources. As a former congressional staffer, I appreciate the important role of Congress in overseeing this agency. I value the advice and perspectives you shared with me in the meetings over the past month, conversations that I welcome going forward should I be confirmed in this important position.

Thank you for your consideration.

CRAPO:

Thank you. Ms. Reed?

K. REED:

Chairman Crapo, Ranking Member Brown, Senators, thank you for the opportunity to appear before you today. Thank you as well for this committee's favorable bipartisan vote to advance my previous nomination to serve as First Vice President of the Export-Import Bank of the United States.

I now return to you as the president's nominee to serve as President of Ex-Im, a position that includes serving as Chairman of the Bank's Board of Directors. I thank President Trump for his confidence in me to advance Ex-Im's mission, creating and supporting American jobs by facilitating the export of U.S. goods and services.



If confirmed, I will be both the first woman and the first West Virginian to be President and Chairman of this 84-year old institution. I also appreciate the encouragement and support of the president's National Economic Council Chairman Larry Kudlow, and diverse organizations focused on American prosperity.

I would like to recognize my father, Terry, and sister, Ashley (ph). I lost my mother, Janet Lowe Reed (ph), an Ohioan, to cancer when I was 9 years old, and tomorrow would be her 70th birthday. So I send her my love, and know that she is with us.

I thank you for your encouraging and supportive individual meetings to discuss your views and the positive impact it (ph) has made for the workers in your states and the potential to do more to support them. If confirmed, I will work especially hard to maintain the open lines of communication with you and the Congress.

I am grateful for the support of my home state senators, Shelley Moore Capito and Joe Manchin. I would bring the grounding of my West Virginia upbringing to Ex-Im. In 1985, Senator Capito's father, Governor Arch Moore, bestowed upon me a golden horseshoe pin for an academic award that I wear today. Its inscription reads "Montani Semper Liberi," mountaineers are always free.

I believe that freedom in the form of free market principles is the best way to foster economic opportunity for all Americans. Throughout my 22-year career, I have embraced these principles to make a positive difference for our nation's businesses and workers while also protecting the American taxpayer. I would bring these values to Ex-Im.

Still, there is room for improvement to keep America on this road to prosperity, and Ex-Im is no exception. If confirmed, I will work to ensure Ex-Im faithfully implements all laws and reforms enacted by Congress. I would launch a review to ensure that Ex-Im truly is the bank of last resort and not the other way around.

There are now 109 foreign export credit agencies, or ECAs, in other countries, up from 95 when I testified before you last November. Ex-Im recently reported the increasing weaponization of export trade credit by the world's ECAs to compliment increasingly nationalistic trade policies, particularly those initiated by China. If confirmed, I look forward to working with the administration and the Congress on an aggressive response to China's unfair trade policies.

In a perfect world, there would be no ECA financing. If confirmed, I will work with the U.S. government and, as appropriate, the OACD, G20, WTO, and other forums to move towards the ultimate goal of eliminating all ECA financing. On that, you have my pledge.

Until that goal is reached, the United States should not unilaterally disarm in a fiercely competitive global economy. While we negotiate, we should not place our nation in a worse position than our foreign counterparts. As President Trump stated regarding export financing, when other countries give it, we lose a tremendous amount of business.

Therefore, if the Senate confirms a bank board quorum (ph), I will take responsible steps to get Ex-Im operational so America can compete on a more level playing field. Ex-Im has more than \$40 billion in pending applications, supporting 250,000 U.S. jobs. We need to keep and support these jobs in the United States while we, at the same time, work to reform the export subsidies of our competitors to save even more. We can do both.

Ex-Im must also treat all American companies fairly, especially small and medium enterprises. I would ensure that Ex-Im, working with community banks and community development financial institutions funds that I am so familiar with, helps small businesses and the agriculture sector, which is vital to rural America.



In closing, I would like to underscore that good governance is critical. Ex-Im, which has a very low, 0.4 percent default rate, is self-sustaining because of the fees and loans it charges to the foreign purchasers and has returned \$14.6 billion to the U.S. Treasury since the year 2000.

We need to ensure that it stays that way. Building on my time in the Congress on oversight investigations and government reform, I would focus on strong standards of conduct, increased transparency, and sound risk management practices. I would work with you and our Inspector General to ensure we are doing all we can to eliminate waste, fraud, and abuse, and give better value to the taxpayer.

Thank you for your consideration. I'm going to be (ph) pleased to answer any questions.

CRAPO:

Thank you, Ms. Reed. And I'll start my questioning with you, Ms. Kraninger. As was obvious in the opening discussions between Senator Brown and myself, there is a desire on some -- on the part of some of the senators on the committee to know what involvement you had, if any, in certain policy decisions that have been made by the administration.

Can you discuss to what extent, if any, you were involved in the development of the administration's zero-tolerance policy?

KRANINGER:

Senator, I appreciate the question. I had no role in setting the zero-tolerance policy, as I have said to -- to many members in our meetings. I recognize the reason for the question being asked.

It is important to note that the Office of Management and Budget has an extensive role in supporting agencies as they implement the president's priorities and agenda. That includes legislative proposals, regulatory proposals, budgetary resources, and -- and those kinds of facets of things.

So it is clear that since the beginning of the administration, immigration policy, border security policy broadly has been a very detailed discussion within the administration. There have been myriad meetings at all levels of the administration that I have attended, that the director and deputy director and my staff have attended.

And in addition to that, Senator, to your note, I -- I do believe that the protection and preservation of the deliberative process is critical to the ability of the administration to develop policy and -- and implement policy.

I am not at -- as -- I don't believe it's appropriate, frankly, or fair, or right for me to articulate the advice that I gave or to characterize the discussion that others may have had or brought to the table, but I can assure you and all of the members that in every position that I have ever held and every individual I have supported in my career, that I have given my best advice based on the best information available at the time. And that is certainly what I have done in the area of immigration and border security, and I would note again, I had no role in setting the policy.

CRAPO:

Thank you. And the same question, basically, with respect to the administration's response to Hurricane Maria in Puerto Rico.

KRANINGER:



Senator, with respect to Hurricane response, the Office of Management and Budget, including myself -- as I said, my staff, the director -- we have a role in reviewing disaster declaration recommendations that go to the president. So we are involved from -- from that point. We also put together at the Office of Management and Budget the supplemental requests that the administration puts forward to the Hill when they are necessary.

Obviously last fall was a devastating hurricane season in the Atlantic that included Puerto Rico being hit by two hurricanes, one after the other with Irma and Maria, so there were devastating impacts to that. Clearly additional resources were needed, and the Office of Management and Budget supported the president in putting forward those requests that Congress considered and -- and obviously responded to in providing the resources necessary.

CRAPO:

Well thank you. And Ms. Reed, U.S. companies are increasingly challenged by subsidized export financing from China and other foreign nations. Right now, who is picking the winners and loser in the global marketplace? And if -- and who, if anyone, should be?

K. REED:

Right now, sir, the United States is not picking winners for the United States workers, because we are nonoperational. So as I mentioned in my testimony, we have 250,000 jobs that potentially could be supported by -- and a reported (ph) \$40 billion in applications waiting for an Export-Import Bank quorum. If I am confirmed, I will not pick winners and losers; I will treat all applicants equally and fairly. That is what the charter passed by the Congress dictates. I will uphold the law.

But I also will do all I can to help our small businesses in this country. It's very important to me and I have a long track record on that.

CRAPO:

And I'm sure you're aware that there are a number of reforms that many are seeking to see implemented at the Ex-Im Bank. If you are confirmed, are there reforms you will prioritize?

K. REED:

Yes, sir. As I outlined in my testimony, I am very dedicated to increase transparency. We also have to protect our American company applicants from releasing their proprietary, confidential business information, but I will take a hard look, if confirmed, at how we can do things to make what Ex-Im does more transparent.

I also believe that we need to be focused on good ethics, and if confirmed and a quorum is confirmed, we will be standing up a risk committee and be approving our chief ethics officer and chief risk officer. And I also believe we need to really take a hard look to ensure that the bank is the bank of last resort. And so taking a look at some tests that Ex-Im currently administers on additionality (ph) and economic impact, take a look at those again and seek input from all the experts. There are (ph) many diverse opinions on this, and I think it's important as we look at reauthorization in 2019 that we take a look at that.

CRAPO:

Thank you very much. My time is expired. Senator Brown?

BROWN:



Thanks, Chairman. A week ago or so, Ms. Kraninger, we just had a good discussion in our office. I appreciate your taking the time. And in the conversation we had, one of the -- I -- I asked a number of questions about tripling the rent for low-income people, about the 600 percent in -- 600 percent interest that people -- that payday (ph) that people often -- more often than not pay when they get payday loans. The Speaker of the House in Ohio resigned, as you probably know, under a scandal about payday loans recently, first time in our history.

Your answer to all of those seemed to be that the market will take care of this, and I -- I only -- just suggest to you that -- I don't think that philosophy recognizes how expensive it is to be poor in this country. And I would, as I ask you and I ask Secretary Carson that you -- that you spend three or four hours and read the book "Evicted" by Matthew Desmond, because I think it speaks -- it really does speak in a way that's really important to understand those issues better.

I -- I want to -- a couple of questions. I -- your response to the chairman was that you did not set policy. I understand that. That's the term you used in my office and a number of other offices, and it's the term you used twice in response to the -- to the chairman. "Did not set policy."

But you -- you do help to execute policy, and would you talk about -- talk about -- I'm interested in what you did, not what you didn't do. Talk about executing policy, talk about what -- what resources you moved around on the zero-tolerance policy, as -- as -- since neither you nor the administration will even tell us -- seem to want to tell us that in the response to that letter.

KRANINGER:

Senator, I appreciate the question. With respect to the zero-tolerance policy, as -- as I noted, again, I will repeat that I did not have any role in setting it. When the Attorney General announced it, it was his prerogative to do so, and the Department of Justice has repeatedly asserted that they do have the resources to support their mission underneath that policy and have done that.

So the Attorney General has announced publicly the decision (ph)...

(CROSSTALK)

BROWN:

Well, I understand -- I'm sorry to interrupt, but it's -- we have five minutes. I understand what you didn't do.

KRANINGER:

OK.

BROWN:

Tell me what you did do with that -- with the zero-tolerance policy.

KRANINGER:

So similarly with the Department of Justice articulating it had sufficient resources, the Department of Homeland Security, and then the Health and Human Services Department as well, which is not under my purview, but I -- I'm aware of -- of some of the things they're seeking there. They -- those secretaries have looked at what the resources are available within their flexibilities provided through the appropriations process to see what resources may be necessary to move around.



There were discussions within the administration on those matters, but it is the prerogative...

(CROSSTALK)

BROWN:

So what did -- what did you -- I understand the other agencies...

KRANINGER:

OK

BROWN:

...and I apologize for the -- for cutting you off, but what did you actually do in your position at OMB on that policy?

KRANINGER:

So Senator, there were meetings after the announcement of the policy as the secretaries raised questions of -- about (ph) and were looking at their own resources to try to figure out how to support that implementation, and again, the Office of Management and Budget is there to support those agencies, to ask questions, and again, in terms of the advice and details, it would be chilling to the deliberative process to give you extensive details on the substance of the discussion.

I appreciate why you're asking. At the same time, I -- I don't think that's appropriate to get into the particular details of my advice. But I can say generally that the Office of Management and Budget supports those agencies in analyzing the need and looking at the appropriations law and the needs that are -- that are made known to us.

BROWN:

This is sort of the same non-answer to the letter.

When we met last week, I asked you to name some enforcement actions that Director Cordray had taken that you support. You didn't come up with any answers then. Do you have any now, as you've had a little time to think about it?

KRANINGER:

Senator, it was a good conversation in your office. I appreciate you alluding to it as well, and I would say on that point specifically, as I noted in my statement, I do support the bureau exercising its authority to take enforcement matters when bad actors are operating in the system. (inaudible) for no one (ph)...

(CROSSTALK)

BROWN:

But can you come up (ph) with an example -- I'm sorry to interrupt -- can you -- can you come up -- OK (ph).



KRANINGER:

Sorry, Senator, specifically -- specifically two areas that I -- the -- the investigations that were launched under Director Cordray's leadership and that were continued under the current administration.

I can note Equifax, certainly. A lot of members -- we discussed extensively concerns about credit reporting agencies and their practices. The Equifax fallout is going to be something that's going to be with us for a long time as a nation and -- and an issue that I know many are grappling with, and if confirmed, I would be grappling with the -- the steps that need to be taken there, so that was certainly something launched under his leadership.

And I would say, too, the Wells Fargo enforcement actions as well. That is an area that -- that again, completely inappropriate activities (inaudible)...

(CROSSTALK)

BROWN:

Even though my -- even though colleagues here said that CFPB didn't do its job.

But one last question: one of the enforcement actions that Director Cordray took was against a company scamming 9/11 first responders. The judge of the 9/11 first responder case struck down CFPB's claims, agreeing with the president's Supreme Court that the bureau is unconstitutional. Would you challenge that ruling as head of the CFPB?

KRANINGER:

Senator, this is (ph)...

(CROSSTALK)

BROWN:

So in other words, are you going to take the side -- I'm sorry -- were (ph) you going to take the side of -- of the 9/11 scammers or are you going to take the side of those who were scammed as you decide what to do on this court case?

CRAPO:

And please make your response prompt (ph).

KRANINGER:

Absolutely. I'm aware of the constitutionality questions, Senator, and I think they're important but they're not for me in this position to answer. The director has a responsibility to carry out the law as it is written and run the agency as it is established now and that's my focus.

BROWN:

Thank you.



CRAPO:

Senator Corker.

CORKER:

Thank you, Mr. Chairman, and thank both of you for your willingness to serve. I -- I do want to respond to Ranking Member Brown with sincere warmth. We came in together, and I've enjoyed serving with you. It seems to me that what's been happening is if -- if we don't like something the president does -- and I'll take a back seat to no one in challenging foreign policy issues, tariff issues, with every ounce of energy that I have -- but if we don't like some of the things the president is doing, we should then block nominees that we like.

I got a call after the Helsinki press conference, which to me was one of the worst I've seen, from a leading Democrat -- I've shared this with some of my friends -- and he said, "Corker, you need to block the Supreme Court nominee." Well, I could hit myself in the knee with a sledgehammer, too, but why would I -- why would I block someone that I generally like over something that the president has done?

And I just want to say that -- again, I take a back seat to no one, Senator Menendez and I had a conversation about this yesterday -- but it's actually you that's doing the president's bidding on tariffs. I mean, Senator Toomey and I tried to block this terrible policy that's costing Americans jobs, taxing Americans -- taxing Americans -- and you're actually doing his bidding.

So I could throw that right back, and -- and what I'd like to see happen is -- is if we could somehow depoliticize this -- this bureau. I mean, it started out in a way that was controversial under Dodd-Frank, it did. It was a thing that kept us from having a bipartisan bill on Dodd-Frank. It was this agency that kept us from having a bill that would have stood the test of time. And I think we could have come to an agreement if it weren't for the way that this was set up without a board and dividing all of us.

So I'd like to see us somehow figure out a way for this agency to go forward. There are abuses that happen. There are abuses that happen, and the bureau has done some really good things in that regard. It's also in some cases, it feels, done some things that were somewhat political. Somewhat.

I had a good relationship with Cordray. I enjoyed working with him. So I would ask -- I'd like to ask our nominee, what is it that you can do leading the department to try to cause this political atmosphere around it to diminish, as its leader, so that we don't have these types of processes every time anything comes up regarding this bureau?

KRANINGER:

Thank you, Senator, for that question. Because it is obviously critical and central to the discussion that's happening here today, and -- and has been happening for years on the bureau.

I -- what I bring to this position and why I was selected by the president for this position is precisely that. Twenty years of government service, working for common sense solutions across the aisle, working with members on both sides to support the -- the best outcome for the American people, and that is certainly what I pledge.

This agency clearly needs solid management to take it forward, to become part of the financial regulatory framework of this -- of this nation as a mature regulator, and that is the direction that I would like to take it if confirmed. And I -- I firmly believe that we can continue to push for transparency and accountability at the bureau, again to -- to really have a clear decision-making process that takes into account all of the interests that are across -- across the nation from consumer groups to the financial institutions to all of -- all of you here today to make the best decisions and put forward the best actions for the American people.



CORKER:

So I'm Chairman of the Foreign Relations Committee and there are people on our staff that are just outstanding. Finest people I've ever worked with in my life. And they are specialists in what they do, and I call upon them to help me in doing what I'm doing.

It's my understanding that you have people like that already at the bureau who work -- who would be working underneath you, if confirmed, and one of the challenges that people have put to you is that you haven't been in this area. But it's my understanding that you have some very capable people that work underneath that are specialists in the areas that the bureau will be dealing with. Is that correct?

KRANINGER:

Yes, Senator, it is. I very much look forward to meeting all of them, understanding the details of -- of the positions that they have taken, the recommendations that they have made, and moving the bureau forward.

CORKER:

And if you would, state -- state -- let me not -- I know I've got three seconds left, let me say the -- to -- to Ms. Reed: I enjoyed seeing you in Uganda. I appreciate the -- the meeting that we had in our office. I know that Senator Toomey and others have focused on some reforms that they'd like to see taken -- take place.

Many of us for years have hoped that the department itself would reform. I hope that we'll be able to work with you and others to make that happen, and I thank you both for your willingness to serve.

With that, I'm the stand-in chairman and I call on Senator Menendez.

MENENDEZ:

Thank you, Mr. Chairman. Ms. Kraninger, you have been nominated to lead the agency that is singularly tasked with protecting American consumers from predatory financial practices, from seniors to service members, students to homeowners. We created the Consumer Financial Protection Bureau to be an independent cop on the beat for American consumers.

When we met, and I appreciate your coming by, you told me that your management experience at OMB has prepared you for this role. So I want to ask you about that, specifically about the administration's response to Puerto Rico. Hurricane Maria tragically killed thousands of people, resulted in the longest blackout in U.S. history and left Puerto Ricans without access to clean water for weeks.

It took FEMA only two weeks to send Texas almost 3 times the amount of staff that it sent to Puerto Rico more than two months later. Now, I sent you a letter asking for information about your role in Puerto Rico and I asked for a response by this past Monday. You failed to provide one.

As it turns out, I have emails that demonstrate your involvement in the Trump administration's response to hurricane Maria, although these are not emails that you provided to us. In my office, you told me that you were -- not only were you involved in the response to Puerto Rico through your oversight of FEMA, treasury and HUD, but that you oversaw the development of disaster aid requests to Congress.

So let me ask you here, and please provide me some brief responses because I think factually we probably both know the answers, in the first aid package that Congress passed after hurricane Maria, most of Puerto Rico's aid came in the form of a community disaster loan that can only be forgiven at the discretion of the secretaries of Treasury and Homeland Security, an unprecedented condition not applicable to Texas or Florida.



Is it true that Puerto Rico had to wait five months to receive this funding this funding, yes or no?

KRANINGER:

Not exactly, Senator. The -- the CDL loan was actually an unprecedented amount of resources being provided that Congress deemed appropriate...

MENENDEZ:

Did they wait five month to get the money?

KRANINGER:

...making available \$1.5 billion.

MENENDEZ:

Did they wait five months to get the money.

KRANINGER:

No, senator, I actually don't believe that the governor has availed himself of this option yet. At the same time, it is an unprecedented amount of money that is available...

MENENDEZ:

Well, let me tell you what happened since you seem to have a different recollection. The administration unjustifiably withheld the loan from Puerto Rico, arguing that it had a cash balance of the end of 2017 and therefore didn't need the money. I'm sure there were cash balances in Texas and Florida. In November of 2017, Puerto Rico Governor Rossello requested \$94 billion in discovery -- in recovery funds. In response to this request, how much money did you request from Congress?

KRANINGER:

Senator, the request the administration submitted actually included a -- a addendum to the letter that said specifically additional funds would be requested.

MENENDEZ:

Can you me the dollar figure?

KRANINGER:

Senator, it was a specific amount for the disaster relief fund that actually applies to all the disasters (inaudible)...

MENENDEZ:

And that amount was \$44 million, was it not?



KRANINGER:

Yes, I believe that's correct.

MENENDEZ:

And that was to be split among Texas, Florida, Puerto Rico, and the U.S. Virgin Islands, is that correct?

KRANINGER:

Yes, senator, it was also the third request and the note was made that there would be and an additional...

MENENDEZ:

November 2017's request to Congress, you requested budget cuts to offset aid dollars divided to Puerto Rico. In your extensive disaster management experience, does Congress typically require offsets for supplemental disaster funding?

KRANINGER:

I'm sorry, senator. Does the Congress normally...

MENENDEZ:

Typically require offsets or supplemental disaster funding?

KRANINGER:

Senator, my role specifically at OMB is certainly to make recommendations. These are the requests that the president is making of the Office of Management and Budget...

MENENDEZ:

Is the answer yes or no? Does Congress typically require offsets for supplemental disaster funding?

KRANINGER:

It has been a common conversation...

(CROSSTALK)

MENENDEZ:

You and I both know the answer is no.

KRANINGER:

It has been a common conversation in recent years, definitely. But again, it's the prerogative of Congress...

MENENDEZ:



It's not a common conversation. The answer is no, you should know that. You know that.

KRANINGER:

It's a conversation that -- that has been had, senator, and I appreciate your perspective on it.

MENENDEZ:

Did you -- amazing -- did you advocate for unprecedented policy that would have conditioned Puerto Rico's receipt of disaster relief funding for -- on the oversight of the islands unelected and unaccountable control board?

KRANINGER:

Senator, as I noted earlier in other discussions, I'm -- I don't think it's appropriate to characterize my advice. You do see what the request was that the administration provided to the Congress and that Congress -- considered what Congress passed...

MENENDEZ:

In your -- your e-mails, you actually say that you see a role for the board. Look, you were a significant architect of the Trump administration's response to Puerto Rico, which was at best, botched and incompetent. At worst, it reflects the administration's most insidious views about Hispanic Americans.

Three and a half million American citizens who just happen to call Puerto Rico their home, but they're American citizens like you and I are, faced their darkest hour, and instead of turning to help them, you pinched pennies and worst of all, I think you treated them like second-class citizens.

That does not give me the faith that when you're going to have to step to stand up for seniors, service members, students, homeowners, against some of the biggest financial institutions in this country, that you'll do that. If you couldn't do it for the people of Puerto Rico, I don't know how you're going to do it for anybody else, and they are U.S. citizens, Ms. Kraninger.

CORKER:

Thank you. Senator Toomey.

TOOMEY:

Thank you, Mr. Acting Chairman. And I want to thank our two guests today for their willingness to serve. Let me start with Ms. Reed, thanks for coming by my office. I appreciated the conversation that we had.

And I think it's no secret that I've been very concerned and a skeptic about Ex-Im bank, skeptic about its fundamental mission. In my view, it is by its nature, intrinsically forced to subsidize -- it forces taxpayers to subsidize certain companies. It distorts markets, it necessarily picks winners and losers by virtue of its very activity.

There been episodes of waste and fraud and abuse. Historically, it has not been particularly responsive to Congress, and despite all that, I was willing to vote to confirm a quorum of board members provided that a reformer like Scott Garrett be leaving this organization. Our pro-Ex-Im senators preferred not to have a quorum, and so that's where we are.



However, consistent with my interest in seeing reforms, I was pleased with your testimony. You emphasized the number of areas where you have committed to us that you want to pursue reforms, but I'd like to just have a specific series of questions that I would pose you and just give me a simple answer as to whether or not these are areas that you would work with us for reform.

So specifically, will you work with me and other members of this committee in the Senate to increase

transparency at the bank to the greatest extent that it's practical without divulging confidential business information?
K. REED: Yes, sir.
TOOMEY: Will you work with me and the committee to strengthen taxpayer protections against losses from deals that go badly?
K. REED: Yes, sir.
TOOMEY: Will you work with me and members of the committee to improve protection for domestic companies from economic harm that might arise from Ex-Im financings with foreign competitors?
K. REED: Yes, sir.
TOOMEY: Will you work with with the with us to ensure that Ex-Im is not crowding out private financing options that would otherwise be available, but for Ex-Im's involvement?
K. REED: Yes, sir.
TOOMEY: And will you work with me and the committee to crack down on bad actors whether they're employees of the bank or it's customers who shouldn't be dealing with the bank?
K. REED: Yes, sir.



TOOMEY:

And will you work with all of us and the administration to meet the statutory requirement that we work to reduce the reliance on ECAs globally?

(OFF MIC)

K. REED:

Absolutely.

TOOMEY:

Great. Thank you very much.

K. REED:

Thank you.

TOOMEY:

Ms. Kraninger, two things. One, under the previous regime, the CFPB occasionally engaged in imposing policies that had the effect of being a rule without going through the Administrative Procedures Act. They decided to use enforcement and guidance to impose their will without following the legal requirement that they subject such a proposal to the scrutiny that is called for in the APA.

There was one case, in fact, where it was so egregious that the Senate acted to repeal the rule. The indirect auto lending was exactly such a case, where a guidance was the mechanism they used to impose what should have gone through the rulemaking process, never did, the Congress recognized that, and has since repealed it.

My question for you: will you commit to using the Administrative Procedures Act when you -- when the CFPB imposes new rules?

KRANINGER:

Absolutely yes, Senator. It's -- it's critical to the process.

TOOMEY:

Thank you. Section 1071 of the Dodd-Frank Act, unfortunately, instructs the bureau to collect and compile data on small business lending. I say "unfortunately" for a number of reasons, not the least of which is this is meant to be a consumer bureau, not a business bureau.

But nevertheless, the law says what it says and I understand you have to comply with the law. My understanding is that Section 104 of 2155 -- that's 2155 which was recently passed and signed into law -- addresses the challenge of overly intrusive data collection with respect to small mortgage lending, so there's some relief built in there. But -- but it's narrow. It's narrow. It applies only to the small mortgage lenders. My understanding is that Section 1071 of Dodd-Frank does allow the bureau to make exceptions to the small business data collection rule.

So my question for you is, in implementing, in complying with this part of Dodd-Frank, this requirement, will you commit to working to minimize the undue cost burden, administrative aggravation for small business compliance with this part of the law?



KRANINGER:

Senator, I can absolutely commit to you that the law will be carried out and the authority given to the bureau to tailor that narrowly is -- is certainly something that I will look at and I can pledge to you I will.

This is an ongoing action that the bureau is looking at and it is an area, to your point, the law requires the bureau to act. So it -- I don't want to prejudge it. At the same time, I appreciate where you're coming from and I -- I understand the need to limit (inaudible).

(CROSSTALK)

TOOMEY:

And just very -- very briefly, because I know I'm out of time.

KRANINGER:

Yes.

TOOMEY:

But can you confirm, do you agree with my interpretation that 1071 is the only respect in which Dodd-Frank mandates the bureau to deal with small business?

KRANINGER:

Senator, it is very clearly one, and I have not read all of the enumerated consumer laws; as you know, there are many. At the same time, I absolutely believe that there is a limited intent for the bureau to be engaged in small business oversight or -- or engagement there. So that's something that should be limited.

TOOMEY:

Thanks, Mr. Chairman.

CORKER:

Thank you, Senator Toomey. Senator Tester?

TESTER:

Thank you, Senator Corker, I appreciate the recognition. Thank you, both of you, for being here today.

I'm going to start out with you, Mrs. Kraninger -- Ms. Kraninger. It is no secret that -- that Mr. Mulvaney is no fan of the CFPB. That aside, would you say that he has done a good job in his role as acting director?

KRANINGER:

Senator, I would -- I would say that the acting director is -- has focused on two priorities. One...

TESTER:



No, no, no, no, no, just please, I know how to filibuster. You know how to filibuster.
(CROSSTALK)
KRANINGER: I understand (ph).
TESTER: Just answer the question.
KRANINGER: I understand.
TESTER: Has he done a good job?
KRANINGER: Senator, he is my current boss who I respect greatly
(LAUGHTER)
and he has and he has actually been focused on implementing the law. From that standpoint, I I would say yes.
TESTER: OK. So one of the things you had in your four points that you were going to bring to the CFPB I want to focus on the second one. Work closely with other regulators and aggressively take actions against bad actors. I think that's a noble thing to do.
Mr. Mulvaney has pulled back the Payday Lending Rule. He's eliminated the Office of Students and Young Consumers, he's pulled back the Prepaid Accounts Rule, and he's done more things than, quite frankly, I've got fingers, OK? Would you do you support him in those, then? Do you think that those that's the right actions to take? Because it goes, in my opinion, contrary to your number-two plank of what you're bringing to the agency.
KRANINGER: I understand your interest. I'll attempt not to filibuster you, Senator (ph).
TESTER: Yes.
KRANINGER:



I I have to say that I will take aggressive action if I'm confirmed, and I do believe that the
--

TESTER:

You...

KRANINGER:

...acting director, you know, has information that I don't have available (ph)...

(CROSSTALK)

TESTER:

Do you plan on reinstating, for instance, the Payday Lending Rule?

KRANINGER:

Senator, it's under active consideration, and -- and from that vantage point it's not appropriate for me to (ph)...

(CROSSTALK)

TESTER:

OK, are you going to recommend that they reinstate the Payday Lending Rule?

KRANINGER:

I think it's important to let the process happen on this, because it is actively under reconsideration and so it's not appropriate to comment. I understand...

TESTER:

Oh no, no, no, no (ph).

KRANINGER:

I understand your interest in it, sir.

TESTER:

So look, you've probably got the votes to get confirmed, but I've got to tell you that I've listened to the questions that have been asked here today, and you can answer the questions. You really can. All you've got to do is answer them.

You're going to be the head of this agency. You're going to be leading this agency. Your recommendations are going to count for something. And so it would be really helpful for me to know, if I'm going to vote for you or not vote for you, where you're at. Where you're at. Not the people under you.

OK, let's -- let me ask you another one. One of the other things that -- that the previous -- that -- that Mulvaney did is he appointed political folks to -- to track career -- career folks within the agency, the same



folks that -- that you said that you're going to be looking forward to working with. Do you intend to keep those political folks on board within the agency if and when you become director of the CFPB?

KRANINGER:

Senator, I'm going to take every staff member individually, have a conversation with them to understand what they've been working on and what they'd like to continue to work on, and -- but I have not prejudged having political or career staff continue. I think it's -- it's appropriate to give them that opportunity to have the conversation.

TESTER:

OK. So you oversaw the Treasury Department in your position as OMB, correct? That's one of the seven agencies that you oversaw?

KRANINGER:

Yes, Senator.

TESTER:

OK. Earlier this week, the Treasury Department and the IRS announced that -- it's one of the swampiest decisions that I quite frankly have ever seen. The -- they -- they made a decision to allow for these C4s not to have to report money that they'd been -- received, nonprofits, allowing donations to those C4s over \$5,000 not have to be reported to the IRS. Do you agree with that decision?

KRANINGER:

Senator, I understand that they published that decision. I -- I can tell you I did not have a role in it.

TESTER:

Did you -- I know. But do you agree with that decision? Whether you had a role in it or not, do you agree with that decision?

KRANINGER:

Since I haven't read the law in that area and gotten into details (ph)...

(CROSSTALK)

TESTER:

So it's -- it's going to allow these organizations not to -- to basically hide where they got their money. Is that OK?

KRANINGER:

Senator, I think they looked at the law and the requirements (ph) and -- and (inaudible) the policy (inaudible)...

(CROSSTALK)



TESTER:

OK, so -- so let me ask you this. The number one thing that you're going to bring to the bureau is transparency and accountability. Can you tell me how that decisions, just sitting on the outside looking in, whether your an oversight of that agency or not, the Treasury Department, how you could actually say, "You know, I don't have an opinion on it," when it deals exclusively with transparency? So...

KRANINGER:

And Senator, I can tell you at the bureau that I -- I am committed to that.

TESTER:

Good (ph). So let me -- let me ask -- I'm not even going to ask. I'm just going to make a statement. I liked your document that you gave us that was your opening statement. It said a lot of good things that I agree with. Protecting data, we could get into Equifax, I'm not sure we'd get any answers. Accountability for actions; I like that. Transparency, working closely, holding bad actors -- but by the way, your answers did not reflect those values, at all.

Thank you, Mr. Chairman.

CRAPO:

Senator Tillis?

TILLIS:

Well, welcome. Before I get into some of the questions, so you know (ph) primarily towards Ms. Kraninger, Ms. -- Ms. Reed, I want to talk a little bit about what we'd -- thanks to both of you for coming to the office. But I want to talk a little bit about what I believe -- why I believe the Ex-Im needs to become functioning again.

I think that you in your opening testimony talked about an increased number of equivalent agencies in -- in the -- in the global markets. I for one think that we've got to get away from this either/or proposition with Ex-Im and start talking about the reality that if we don't have this in our tool kit when we're competing in the global markets that we disable ourselves, much the same way a state would get out of economic incentives. Do you agree with that?

K. REED:

Yes, sir.

TILLIS:

Do you also agree that there may be things that could make the Ex-Im Bank less politicized if we worked on proving that but for the involvement of the Ex-Im Bank the transaction would not necessarily go the positive way? And can I get your commitment to comes back, either to my office or before this committee, to tell us what that would look like so that hopefully we can get to a better place and -- and better certainty for the long-term interest of the Ex-Im Bank?

K. REED:



Absolutely.

TILLIS:

Thank you. Thank you for your service. I look forward to supporting your nomination.

Ms. Kraninger, I -- there's a lot of people that asked a lot of questions, gave you a limited amount of time to answer. Are there any things that you would like to respond to here before I ask you a couple of questions?

KRANINGER:

Thank you, Senator, for that opportunity. I recognize that Senator Tester wanted to hear a little bit more about my views. I -- I can certainly talk about the challenges with the payday lending arena. I do take the point of the conversation that I've had with Senator Brown on -- on the challenges for hardworking Americans out there, and I think what would be helpful in continued competition in the small dollar lending space.

So I would say that Comptroller Otting's action in trying to work with traditional banks to bring additional products and services to the market is something that would be useful. But I -- I certainly -- I -- it's a difficult position to be in because it's one the regulatory docket for the agency. I know that. And it's something that cannot be prejudged. And so I respect the process there, but certainly have spent some time looking at this issue and look forward to -- to further getting into it.

TILLIS:

The -- I think in the opening testimony, the ranking member talked about folks on our side of the aisle have been working hard to defang the -- the CFPB. And I'm one of those. Because I think if you look up defang in the dictionary, it has something to do with taking the fangs out of a snake to make it less poisonous or less threatening.

And in my opinion, the CFPB is -- it's a great title, the Consumer Finance Protection Bureau, or the new title now. But the reality is, I think that it's the first agency of its kind that's not accountable, arguably, to anybody. Because after you get confirmed, for a period of time, just like your predecessor, you don't even really answer to the President. You certainly don't answer to the Congress.

And when Mick Mulvaney or -- or Director Mulvaney was here, I was struck by the -- his goal of trying to convince us that they should be an agency that's more accountable to the President.

Do you or do you not share Director Mulvaney's view that this is an agency that's sort of, unlike anyone, with great power and no accountability, and that that's not good for any area of government?

KRANINGER:

Clearly, Senator, the Congress through Dodd-Frank Act, gave the Bureau incredible powers and -- and incredible independence from both the President and -- and the Congress in its structure.

I have noted that my focus is on running the agency as Congress established it. But certainly working with members of Congress, I'm -- I'm very open to changes in that, you know, in that structure that will make the agency more accountable and more transparent.

TILLIS:



Well I, for one -- for those who are not going to support your nomination, I for one think that this is a great time for us to come together and actually move that accountability and funding back into Congress, so that they can actually have some say.

Because the fact of the matter is you, like Mick Mulvaney, don't really have to care. But for maybe your interest in democracy and respect for Congress, you don't have to care one bit about our opinions about your activities.

And unless we get to a point where it's accountable -- becomes accountable to Congress, that's going to continue. And I, for one, hope that you go out there and you work on clawing back regulations that on the surface look like they're passed for protection of the consumer, but in many cases they're harmful ultimately to the consumer, either in terms of cost or access to capital.

I'll -- I look forward to supporting your nomination. I also welcome your family and friends here. The nominees are doing just fine and I look forward to supporting both of you on the floor.

CRAPO:

Senator Warner?

WARNER:

Thank you, Mr. Chairman. And I want to say welcome to the witnesses. And Ms. Reed, I look forward to supporting you. You're a lucky witness this morning since you -- your colleague here is receiving most of the attention.

I -- I would remind -- I'm sorry Senator Corker is no longer here. The -- I was here at the start of -- of Dodd-Frank and CFPB. Senator Corker and I worked very closely together. If my memory serves, the original proposals around CFPB were to set it up as more of a traditional agency with traditional oversight.

But with -- then the -- some members of the minority's position that they did not want to create a new box, a new entity. So it was put in this -- I agree, rather unique framework of inside the Fed with that certain funding stream. But I think that history would -- would demonstrate that that was how the rather unique aspects of the CFPB came to -- came to bear.

Ms. Kraninger, I want to drill down on a couple of specific areas. I think in every aspect of the CFBP work, it needs to make sure that you use data to analyze problems and really make data-driven decisions, rather than agenda-driven decisions.

Senator Warren and I submitted a comment to the CFPB expressing our deep concern about Director Mulvaney's skepticism of data collection by the CFPB, and, you know, I think he has expressed an ongoing hostility towards data collection and the use of data. As an example, he froze collection of personal data for nearly six months, got rid of a planned survey on debt collection disclosures. And I'm deeply concerned that one of your four priorities was to limit data collection to what is, quote, "needed and required by law."

And I'm -- I know, as well, and I've been somebody who's favored cost-benefit analysis. But how do you do a cost-benefit analysis that's going to be accurate and adhere to fact-based if you're not able to do appropriate data collection to influence your -- your decision? How can we be assured that it's then not going to be a political-driven agenda, rather than a databased agenda?

KRANINGER:



Senator, I appreciate the question. I am absolutely committed to data-driven decision-making, and should I be confirmed, that would be a focal point at the bureau. I -- I take your point, but I think, again, to the extent that it's supporting that decision-making, the data collection would be needed and required.

I also think it's -- it's important to distinguish here between the -- the data that comes through the requests for information that are out to the public. There are a number of sources of -- of -- of evidence that come beyond the entities that the bureau is supervising directly. And so ensuring that consumer groups have the opportunity to respond, to provide information using the benefit of a lot of the academics that are there looking for (inaudible)...

WARNER:

I would just simply say, though, that if -- if we're going to do a rulemaking on debt-collection practices without talking to those people who have been targets, customers, consumers, users of debt -- those debt-collection services, I don't know how you can -- can reach a conclusion.

Now, I come and -- and (inaudible) with the -- the ranking member and many on the side. You know, I (ph) don't always agree. I generally come with a pro-business bias that's been in business longer than politics. But I've got to tell you, I think the power in most business consumer relationships have shifted away from the consumer towards business. And I see this particularly, and as we discussed a little bit in -- in circumstance around the credit reporting agencies. You and I don't have no option to choose to be customers or not of credit reporting agencies. And I'm very concerned, not only in credit reporting, but as we move into increased areas around social media and elsewhere.

I'm not sure that even a relatively-informed consumer can simply sign away all of their rights with this growing imbalance, where the business has all the information, all the data, all the tech tools, and you're stuck with a "click here: I agree" in print that no one could read, or even if you could read, you couldn't necessarily understand.

Are you concerned about this imbalance between business' ability to collect consumers' data knowingly, and oftentimes, unknowingly? And what do you think the CFPB should do to help protect consumers in this growing arena?

KRANINGER:

Senator, I appreciate the question, and enjoyed the conversation that we had. Specific to the credit reporting agencies, just to -- to take that, because that is a -- a critical area where the bureau is spending a significant amount of time. I look forward to the results of the Equifax investigation to understand what's happening there; to look at what the bureau's staff has -- has found, in terms of the concerns.

And I do think that the customer relationship there is really between the -- the agencies and the financial institutions. So ensuring that the consumer is protected in that situation, and -- and that they are really limiting the information they're collecting to what is appropriate, and that they're protecting it, and that it is -- the consumer has a measure of control and -- and involvement in that, going forward is certainly something that makes sense to me, and I look forward to getting into that more with the Federal Trade Commission and -- and the bureau staff, if confirmed.

WARNER:

Ms. -- my time's expired, but Mr. Chairman, I just want to -- to note for the record, I -- I appreciate your interest in this subject; the fact that we've had a couple of hearings. I've got to tell you, if this committee takes up any other legislative activities this year, it's going to be my intent to make sure that credit reporting,



appropriate guard rules, and the fact that it's a year after Equifax, and still, nothing has happened. That's going to be at the top of my priority list, and I hope we'll be able to work together. Thank you.

CRAPO:

It's a high priority for me, too, as well as data collection in general, as I've discussed with several of you, and I hope that we can prioritize that, and make progress.

Senator Warren?

WARREN:

Thank you, Mr. Chairman.

So one thing consumers need in a CFPB director is someone who's willing to stand up to powerful people on behalf of those who don't have power, and that's why I want to focus on the Trump administration's child separation policy. Since March of 2017, you've been the head of the general government programs at the Office of Management and Budget. Is that right, Ms. Kraninger?

KRANINGER:

That's correct.

WARREN:

It's an important job. The General Government Programs Division at OMB is in charge of overseeing both the Department of Justice and the Department of Homeland Security. Is that right?

KRANINGER:

Yes, Senator.

WARREN:

And according to the disclosures you submitted to this committee, you, quote, "serve as OMB's principal policy official for issues related to the departments and agencies you oversee." Is that right?

KRANINGER:

Yes, Senator.

WARREN:

Yes. So the Justice Department and Homeland Security are the two agencies most responsible for taking children away from their parents at the border, and you oversee policy issues at both agencies. But for a month now, you have refused to respond to Ranking Member Brown's and my request for information -- for documents relating to your role in child separations. And when we met in my office last week, you refused over and over to give me a straight answer about your role.

So today, you've given a very lawyerly and limited answer; you're dodging. The answers have also been contradictory. You've said you have no role in setting the policy, but you also can't describe the advice you



gave on the policy, which means it raises a question. Which is it: you had no role, or you had a role, and you can't describe it?

So I'm going to ask you again under oath: were you involved in any way in developing or implementing the policies that led this administration to take thousands of children away from their parents at the border?

KRANINGER:

Senator, I had no role in setting the policy, as we discussed. I was unaware...

WARREN:

Please answer my question; it was developing or implementing.

KRANINGER:

I had no role in developing it. In terms of its announcement by the attorney general, and so I was not aware of

WARREN:

So you did help the attorney general announce it, but otherwise, did you help develop or implement this policy?

KRANINGER:

Subsequent to the attorney general's announcement, there were meetings within the administration on the general topic of the implementation, and again, the Office of Management and Budget does actively participate in those meetings.

WARREN:

So is that a yes? You were involved? That's a yes?

KRANINGER:

Senator, again, I -- I don't want to characterize the advice, as I know that you...

WARREN:

Well, Ms. Kraninger, I'm asking you a pretty straightforward yes or no question, and I will remind you, you are under oath, and lying to Congress is a crime. I'll also remind you that many of the documents I've requested about your role in this policy could eventually become public under the Freedom of Information Act.

So let me ask again this specific question. Were you involved in developing or implementing the policies that led to children being taken away from their parents at the border?

KRANINGER:

Senator, it's difficult to separate the advice...



(CROSSTALK)

WARREN:

I'll take that as a yes, then.

KRANINGER:

...and so as I said, I -- I will not characterize the advice that was provided on -- on the analysis or otherwise.

WARREN:

I'm not asking you to characterize. I asked you a simple yes or no question.

According to reports, in some cases the Trump Administration isn't sure which children belong to which parents. As of Monday, the administration had not identified the parents of 71 separated children, which means right now they can't be reunited. DHS is the agency that took parents away from their young children. Did you work with DHS to create a plan for eventually reuniting these children with their parents?

KRANINGER:

Senator, again I -- I can't characterize my advice, but as we also discussed, since I was nominated for this position I have not been involved.

(CROSSTALK)

WARREN:

I asked just did you -- did you work with them on a plan? I didn't ask what the plan was, what advice you gave. Did you work with them on a plan to reunite these children who were taken away from their parents?

KRANINGER:

I understand the question, Senator, but it -- it becomes a slippery slope, in terms of characterizing the advice that was provided, or the analysis, or the questions that were raised. Again, I don't want to characterize any of that.

WARREN:

No, it's not a slippery slope. You don't want to characterize it because you don't want to admit that you had something to do with this. You know, this was a policy that was designed to traumatize children and families, as a way of scaring them away from the border. Even if they were seeking asylum, even if they were fleeing death threats, gang violence, rape, domestic abuse -- White House Chief of Staff Kelly said that the whole point of this was quote "to be a tough deterrent."

The American Academy of Pediatrics says that being separated from their parents for weeks or months can cause these children irreparable, life-long, physical and psychological harm.

Do you think that purposefully inflicting that on innocent children is immoral?

CRAPO:



And please make your answer brief.

KRANINGER:

Senator, I think there are many heartbreaking stories that -- that appear in the news every day, from the conversation we had about American families, hard-working who are affected by ...

WARREN:

It's a simple yes or no question. Do you believe that it is immoral to set up a plan whose deliberate intent is to inflict harm on children?

KRANINGER:

Senator, it's not appropriate for me to provide my personal opinion, and -- and internal deliberations and discussions on that matter.

WARREN:

Almost every member of this committee, Democrat and Republican, has denounced this policy. Even President Trump, when he signed the executive order ending child separations, said, and I'll quote, "I didn't like the sight or the feeling of families being separated."

But you can't have an opinion on this?

You know, I went to the border last month. I met a mother who was torn away from her seven year old little boy in the middle of the night. She could not stop crying, all she could say over, and over, and over is, I never even had a chance to say goodbye. She had not seen her little boy for weeks. She had no idea where he was.

You see the videos of some of these children being returned to their parents after long separations. They're dazed. They're unsmiling. They're dirty. It's like the life has been sucked out of them. These are innocent children who may be scarred forever by this policy. It is fundamentally immoral and you -- you were a part of it, Ms. Kraninger. It is a moral stain that will follow you for the rest of your life.

And if the Senate votes to give a big promotion to you after this, then it is a stain on the Senators who do so.

CRAPO:

Senator Cortez Masto? Oh excuse me, I -- I apologize, I didn't see Senator Moran come in. Senator Moran? Oh excuse me, Rounds.

ROUNDS:

Thank you Mr. Chairman.

We -- Mr. Chairman, what I would like to do is, once we've got the noise cleared up here, we'll turn around and we'll go back and ask some questions about -- with both of our -- of our two witnesses. Thank you.

Let me just begin, Ms. Reed, your role coming in as a chairperson is to make certain that this particular institution, this bank, is capable of competing with other similar type institutions from around the country, and providing services so that we can again can properly export to other countries. I think some people think that



that's inappropriate, that a government would provide a service. I -- I don't; I think that's appropriate that we be competitive.

Can you share very briefly your thoughts, with regard to the appropriateness of competing with other countries and providing our businesses with that same type of service, so that they can compete?

K. REED:

Absolutely, sir, thank you. As I mentioned in my opening statement, if we're not at the table, we are unilaterally disarmed. And our competitors will take those jobs that should be U.S. jobs through their own ECA programs.

And I want to be sure, in this time when we have 109 other ECAs competing against the United States, that we're there. I think that is so important. I know that the Export-Import Bank has a very specific role, is a tool in the tool box.

Dan Runde with CSIS published an op-ed in The Hill earlier this week, and he lays out the role of China. You know, they're using their Export-Import Bank, along with many other tools, to be present through their Belt and Road policy all around the world.

And we need to be there not only because we need to be for national security reasons. Part of the President's economic and -- economic security is national security, and so Ex-Im is part of that. But we need to be there for our workers; I want our workers having these jobs.

ROUNDS:

You know, the -- I was very pleased with the response that you gave to Senator Toomey. I think Senator Toomey had expressed concerns that the Ex-Im has in the past picked winners and losers. I was very happy to hear you comment on the fact that you will work with us to make certain that some of those things that may have occurred in the past, with regard to picking winners and losers, would not be in the future. So thank you for that. I appreciate that.

Ms. Kraninger, first of all let me just -- I understand that sometimes we run out of time here. And there are some things in which we -- as Senators, we try to get a lot of questions in a short period of time. But sometimes that also means that we don't give you the opportunity to clearly lay out your thoughts and to answer questions.

I think that's occurred today. And in fact you've been the object so that individuals here that have disagreements with -- with the administration's policies and their attempts to enforce border security and so forth, and they've used you as the -- as the object.

I'd like to give you an opportunity to perhaps more fully answer any questions that you think you may not have had the opportunity to answer, with regard to any of your activity at OMB, and the responsibilities that you had in OMB, recognizing that it may, in many cases, just simply to be to provide advice.

Would you like to share with us a little bit, perhaps more fully answer the questions that some other members really were interested in, but probably didn't have enough time to allow you to answer?

KRANINGER:

Thank you, Senator, I -- I appreciate that opportunity.



I'd say the Office of Management and Budget is -- is truly a unique organization of the government because it has such a broad reach into all of the activities across government. It's kind of a microcosm. And my portfolio is the broadest. So the level of engagement that I have in any particular issue or with any particular department or agency does vary substantially.

So the question with -- with respect to the IRS rule, I was aware of it happening. I know that my staff reviewed it. But again, I did not have a role in -- in developing that.

With respect to the response to the -- again, horrible disasters last fall, because there was clear need for additional resources, the Office of Management and Budget was -- was very engaged.

And in addition, with respect to Puerto Rico, the Treasury Department had a -- a deep role working with the government, with the oversight board that was established by Congress, to look at the future of Puerto Rico. And so that is something that, again, there have been many meetings on.

I'd also like to note that there are many hard working men and women across the administration at the state level, in the private and non-profit sectors that were very engaged in -- in the hurricane response. And so it's a - it's an honor to support them and -- and look at the resource needs that were brought forward, and to submit to Congress the resources that we believe were fully justified, and for Congress to consider that.

ROUNDS:

Let me just -- and I know my time is expiring, but I've -- I'd ask the Chairman for just a little leniency after the last questions that were asked, just to clarify this.

You're responsible for over \$250 billion in budgetary resources for seven Cabinet departments and 30 other federal agencies, including the Treasury Department, the Department of Housing and Urban Development, the bureau and all of their financial regulators. You also serve as OMB's Principal Policy Official for issues related to those departments and the agencies.

I -- I just get the sense that somehow with the huge number of items that are in front of you, how much do you get into the specific details? And do you have the opportunity to come back in and say, wait a minute, I disagree with a particular policy, I can stop it and I can change it, or do you offer advice?

CRAPO:

And again, please keep your remarks brief.

ROUNDS:

Yes.

KRANINGER:

Yes, Senator. It is definitely an opportunity to offer advice, and the -- the involvement level really does vary substantially based on the president's priorities, the director's priorities, the agency heads' priorities, how much authority they have on their ...

(CROSSTALK)

ROUNDS:

And one last little item on it: is your advice always taken?



KRANINGER:

Senator, I wish that it were, but no, my advice is not always taken. At the same time, I'm -- I'm also fallible, but I offer my best advice based on the information available.

ROUNDS:

Thank you. Thank you, Mr. Chairman.

KRANINGER:

Thank you.

CRAPO:

Thank you. Senator Schatz?

SCHATZ:

Thank you, Mr. Chairman. Thank you, Ms. Kraninger, and Ms. Reed, thank you for your willingness to serve.

I just want to follow up on the line of questioning around family separation. I understand you can't characterize the advice you gave, but I'm wondering if we could get some sense of what categories they were in.

Was it legal advice, was it compliance advice, was it advice related to execution? Because I think if -- I'm not sure I agree with you about deliberative product. I'm not sure I agree with you about the sort of vague assertion of -- I don't know if it's privilege that you're asserting or a personal judgment that you're making or on the advice of counsel, and maybe we can get into that. But let's set that aside for a moment.

I think it's fair for us to know, kind of broadly, what you did; not how you advise people, not how you executed, but were you advising on implementation? Were you advising on compliance? Were you providing legal counsel? Were you providing political advice? Can you just characterize what you were doing?

KRANINGER:

So Senator, with respect to the Office of Management and Budget's role, which does characterize my role, the director's role, myriad meetings talking about the agencies as -- as they were executing the policy. And we do have, at OMB, a role for -- for providing perspective on the budgetary resources necessary, any regulatory issues to be addressed.

SCHATZ:

But -- but -- why -- why the third -- why the third person here? Like, "We have a role"? Like, every time we ask you about what you did, you say "OMB has a role," and then it becomes this kind of description of this -- the faraway bureaucrat. It was you, and I'm just asking you so that we can establish a little trust. If you can just sort of characterize what you -- what you talked about, not to describe the contents of what you talked about, but broadly, were you giving legal advice? Were you giving political advice? Let's start with that. Were you giving legal advice?

KRANINGER:



Senator, if I could respond to the point you're making, because it -- it is -- goes to the heart of the matter: my conversation with Senator Rounds. The reason why I'm saying "the Office of Management and Budget" is because, as -- as Senator Warren and I discussed in her office, I am responsible for my staff.

SCHATZ:

No, I get that. yes.

KRANINGER:

So I do have a staff involvement.

SCHATZ:

I get that. So (inaudible)

KRANINGER:

I'm also providing advice to the director, and (inaudible)

SCHATZ:

Ms. Kraninger, I don't have a lot of time.

KRANINGER:

... so I -- I'm sorry, Senator.

SCHATZ:

So I -- did you give legal advice?

KRANINGER:

Senator, it's not appropriate for -- for me to give legal advice, really. It's -- it's the purview of the Office of Management and Budget to weigh in on regulations, budgetary resources, those kinds of things.

SCHATZ:

Weighing in on regulations -- what does that mean?

KRANINGER:

So for example, anything that involves a data collection, it requires notice under the Privacy Act, whether it's a system of records notice submission or a data collection...

SCHATZ:

Oh, so compliance advice?



KRANINGER:

... (inaudible) all kinds of things come in.

SCHATZ:

Can you just, please, like, rather than me playing 20 questions with you, can you please try to characterize your role in this without running afoul of whatever principle that you articulated earlier, and in as simple and personal terms as we can get to, where you can say, "This is basically what I did for them." Now, I'm not going to tell you exactly how I advised them, or how I -- or -- or -- or get into deliberative product. I understand your position on that. But -- but can you not characterize anything more than "OMB generally does this, and that would apply to this situation, too"?

KRANINGER:

Senator, I have said that I had no role in setting the policy.

SCHATZ:

yes, I got that. So what did you do?

KRANINGER:

And that there have been -- there were a number of meetings on immigration and border security policy writ large that I participated in, that I supported the director and the deputy director in their participation. And then, my staff participated in, and then came back and told me the nature of the discussion.

SCHATZ:

I have to tell you, I -- I -- I don't -- I don't do hearings so I can put up a clip up on YouTube. I don't -- I don't -- don't operate that way, and I am trying to get an answer from you, and I -- and I just can't, and -- and -- and it is maddening, because this is not a trivial aspect of your basic qualifications for the job. You're -- you're coming in and asserting that you are a manager, and you can't characterize anything that you're doing as a manager.

Let me ask you one final question: Is your position, which is that that would get into deliberative product, is that on the advice of counsel?

KRANINGER:

Senator, the -- the documents that were requested in the letters is something that I have shared with the appropriate officials, and that includes the Office of Management and Budget general counsel.

SCHATZ:

OK, but it -- did the -- did this -- did counsel give you advice and tell you not to answer these questions?

KRANINGER:

Senator, we certainly had a lot of preparation for this hearing, and discussion about the right answers...



SCHATZ:

yes, so did -- did...

KRANINGER:

... but I will say my answers are my -- my own.

SCHATZ:

Did you get legal advice? Did you get legal advice?

KRANINGER:

Not, per se, legal advice, sir. I'm not asserting privilege. It's not for me to do that, certainly in this state, but I am saying that I want to preserve the deliberative process, and that that's an important thing to preserve, similar to conversations that many of you have had, or I have had with senators that I've worked with. It is important to keep those discussions internal.

SCHATZ:

And that's -- is that your personal judgment, or is that the -- is that on the basis of advice from either the G.C., or from the White House?

KRANINGER:

Senator, it's fair to say that there were discussions in preparation for this process that I did have others weigh in, in terms of giving the advice on how to respond, but my responses are my own.

SCHATZ:

Thank you.

CRAPO:

Senator Moran?

MORAN:

(OFF MIKE) Mr. Chairman -- (ON MIKE) Mr. Chairman, thank you very much. Thanks to both of our nominees for being with us today. I look forward to working with both of you, should you be confirmed in the capacities that you've been nominated to -- to fill.

Ms. Kraninger, I would start with you. I want to let you know how much I appreciate the working relationship that you and I have had in your capacity here on the Appropriations Committee of the United States Senate, as well as your work at the Office of Management and Budget, and to indicate to you that I appreciate the diligence with which you pursued my inquiries and issues that I raised in both of those capacities, the thoughtful and articulate way that you communicated with me about responses, and the -- the lack of partisanship in the issues that we were dealing with was clearly demonstrated to me, and I'm grateful for your professional approach to the way that you've conducted your work, at least in the experience that I've had with you over the last several years, during my time as a United States senator.



I -- my observation about the hearing today on your nomination reminds me of the first piece of legislation that I introduced as a United States senator, related to financial services and banking, and that was among other things, the belief that -- that this entity should be governed by a board. While there seems to be relish in -- in having the opportunity to question you as a potential director of the Consumer Financial Protection Bureau, maybe we would enjoy if we had three, or four, or five more opportunities to do so, in having other people confirmed. And the point that -- said somewhat with a smile -- that we would want to go through this four more times.

But the point I would make is there is a diversity of views on this committee and in this country about the role of Consumer Financial Protection Bureau. I'm of the view that Republicans made a significant error, at least in some, in saying we're going to repeal Dodd-Frank, and end its -- its reign. And the reaction, unfortunate reaction to that was many Democrats who says (sic) you're not going to touch the issues associated with Dodd-Frank. So we put ourselves in corners that then cause us to be unable to solve problems that currently existed as a result of the passage of Dodd-Frank, with two sides saying, "We're going to do this," and "We're not going to let you do this," it didn't allow us to find a middle ground in very many instances, at least until recently, in which we could make some improvements or changes in Dodd-Frank.

One of the changes that I've long promoted is that a board or a commission that would oversee the Consumer Financial Protection Bureau would make sense. I don't -- I'm not going to ask you your opinion about that, but I would raise this with my colleagues.

To suggest, not only would it give us the opportunity to have more input with those who would be in charge, members of that commission, of the Consumer Financial Protection Bureau, but it would also allow us to better reflect and perhaps avoid the swings that may occur from one administration to another in the approach, that we have had -- in the approach that CFPB has had, in regard to the regulatory world of protecting consumers.

I would indicate that it would be valuable to me -- and I would allow you to respond to this, but it would be valuable to me to confirm, what I would expect you to confirm, that you will operate in your capacity, if confirmed, in a very transparent and open way. So that members of Congress have a better opportunity to influence and to make points to you, than I sometimes felt I had with the -- with one of your predecessors in his administration, his directorship of the -- of the bureau.

And I would also make the point that those who are being regulated could use greater transparency, because I think that in too many instances, rulemaking was not accomplished. And therefore the rules were unknown, and you became the -- what was the rules of the road became known only once there was an enforcement action.

And so I would give you the opportunity to confirm to me, first of all, that -- how you would operate in a transparent way, with me and my colleagues as members of the United States Senate, and secondly, if you have thoughts about how we make certain that those who you are regulating know what the regulations are, before they suffer the enforcement action that often resulted in a fine.

KRANINGER:

Absolutely, Senator. Thank you so much for your comments and -- and for your perspective on this. I completely agree that the bureau -- it is a priority for the bureau to be transparent and accountable. That I am committed to working with members of both sides of -- of the aisle in Congress, to move the bureau forward in that kind of manner.

And in terms of the, you know, so-called regulation by enforcement, that -- that many have been concerned about in terms of the prior approach to the bureau, I completely agree that it is critical to have clear rules, so that the lenders and -- and creditors and the consumers themselves know what the rules are. And that they are



not, somehow, told after the fact that they broke a rule they weren't even aware of, or that it had somehow changed without any proper notice and comment process, to really understand the impacts and the opportunity to tailor, as I've discussed with many other members.

So I completely agree that that is -- that is not appropriate, and something that we would not engage in.

MORAN:

Appreciate your response.

And Ms. Reed, I have run out of time. I would tell you I look forward to working with you. I've been on the Banking Committee long enough to remember the days in which you would have been a controversial nominee.

And I'm glad to see that Ex-Im is back in -- in a position in which we can move forward in protecting the competitive interests in a global economy of the United States businesses, but more importantly, those who work for United States businesses.

Thank you, ma'am.

CRAPO:

Senator Cortez Masto?

CORTEZ MASTO:

Thank you.

Welcome, congratulations on both your nominations. And let me just say, thank you to both of you for taking the time to visit with me and answer my questions. I really appreciate that. Welcome to your family as well.

Ms. Kraninger, I'm going to start with you. And these are similar to some of the questions that we had together when you were willing to meet with me. But let me just start with this.

I've heard you say, time and again, today, in response to all of my colleagues' questioning, that your intent is to ensure the bureau is transparent and accountable.

But my concern is: Based on the questionings that you -- and the answers that you've given today, we can't even get you to be transparent and accountable about the work you're doing at the OMB, the current job that you have that's funded by taxpayer dollars, that should be transparent to the public.

So I have concerns that if you can't even tell us what you're doing on a day-to-day basis, how can we trust that you're going to carry that over the CFPB?

But let me follow up with this. Mick Mulvaney said that state regulators and attorneys general should play an active role in enforcing consumer protection laws in the banking industry.

However, as a former attorney general myself, I know that A.G.s can't be the only cop on the beat. The CFPB has been vital in uncovering widespread and massive fraud and holding those companies accountable.

And they are the first stop in the states to protect consumers. That is your role as well, my understanding from the statutes that I read and what you've said today in your statements.



And let me give you an example of where the CFPB was instrumental for us, the states. Wells Fargo, as you well know, their actions affected 3.5 million people nationwide, including 121,000 in Nevada alone. After an investigation by the CFPB, Wells Fargo paid a \$500 million penalty. Can you enumerate the powers that the CFPB has that state A.G.s or state regulators do not?

KRANINGER:

Senator, certainly, as we discussed in -- in our -- in your office, I appreciate your perspective and experience in this area.

The partnership with the state regulators is essential, I believe, to the point that you noted. The states have been engaged in the enforcement...

(CROSSTALK)

CORTEZ MASTO:

Why do you think it's essential?

KRANINGER:

... engagement (ph) sooner (ph). I'm sorry?

CORTEZ MASTO:

Why do believe it's essential?

KRANINGER:

Certainly because the law actually stipulates that. And I think that's important, though. They existed prior to the bureau and were engaged in this activity prior to the bureau's existence.

And the statute specifically calls out that important coordination role, whether it's with enforcement...

(CROSSTALK

CORTEZ MASTO:

But let -- let me just say, as somebody that relied on the CFPB -- because I will tell you, in the state of Nevada, the regulators weren't there when the crisis -- crisis occurred. Nobody stopped it. Nobody was working to prevent it.

But when the CFPB was created, they were the watchdog nationally to work with the states and the states' A.G.s. And I will tell you, the CFPB has a national view of the issues. And it is not limited by state preemption laws. It is key to what happens across this country when we're looking to consumer financial protection to work with the states.

Let me ask you this. Without a strong federal regulator, how do you anticipate states will be able to uncover and put together patterns of wrongdoing -- potential wrongdoing across the country?

KRANINGER:



Senator, I'm committed to carrying out the responsibilities of the bureau under the law, which does include working with the states to -- to look for those kinds of things, to work with them closely on enforcement matters and give them that national perspective.

We talked about the information-sharing that is vital between the bureau and the state attorneys general and the regulators. And certainly I am committed to sharing that appropriate information with them to support their efforts and -- and looking at the right opportunity for the bureau to step in from a national standpoint.

CORTEZ MASTO:

So outside of serving as a partner for state regulators, and A.G. rules issued by the CFPB can also be enforced by state A.G.s, do you support empowering the A.G.s by issuing rules through the CFPB?

KRANINGER:

I believe it is an essential responsibility of the bureau to engage in the rulemaking activities, setting clear rules. The example...

(CROSSTALK)

CORTEZ MASTO:

So that's a yes?

KRANINGER:

... of debt collection at -- yes, Senator.

CORTEZ MASTO:

Thank you. A matter deeply important to me is that every American has the right to a day in court, and that the justice system works for everyone no matter their race, their class, their creed, where you come from or -- or who you know.

Let me ask you this. Have you ever signed a contract with a financial firm that included a mandatory arbitration clause?

KRANINGER:

Senator, I believe that I probably have through ...

CORTEZ MASTO:

Ms. Kraninger, you're a lawyer, did you read the mandatory arbitration clause before you signed it?

KRANINGER:

As a lawyer, I do try to read those things and I have actually read them in the past.

CORTEZ MASTO:



Were you aware that you were foregoing your right to sue when you signed the contract?

KRANINGER:

Senator, I was certainly aware of what the -- the clauses were that were in the contract. I can't assure that that's what was there, but I ...

CORTEZ MASTO:

Do you believe that ordinary Americans page through and read the fine print of these contracts and know that they are signing away their rights?

KRANINGER:

I am guessing that many of them do not, and I think that's why the model disclosure's responsibility of the Bureau and statute is important in understanding that the Bureau has a role for looking at those things.

CORTEZ MASTO:

Do you support the CFPB's mandatory arbitration rule?

KRANINGER:

Senator, Congress certainly acted to -- through the Congressional Review Act to preclude that rule from going forward. So from that standpoint, it's -- it's addressed in that manner, I think.

CORTEZ MASTO:

Do you believe all consumers have a right to their day in court?

KRANINGER:

Senator, I believe through contract relationships and in general there are -- there are opportunities for consumers to take action, including coming to the Bureau and -- and submitting their complaints.

CORTEZ MASTO:

Have you ever investigated a bank or pay day lender or a credit card company?

KRANINGER:

Senator, I have supported investigations in many of my roles. I believe actually in terms of financial crimes that the Secret Service oversees and that Homeland Security investigations oversees. There has been some involvement in -- with those institutions.

CORTEZ MASTO:

So personally, you've never been involved in the prosecution or investigation?

KRANINGER:



Not of financial institutions directly, no ma'am.

CORTEZ MASTO:

Have you ever brought a legal action and as council, formulated a case against a bank, pay day lender or credit card company?

CRAPO:

And Ms. Kraninger, please be brief.

KRANINGER:

No senator, I have not.

CORTEZ MASTO:

Thank you. I see my time is up, thank you both for being here. I will tell you Ms. Kraninger, I do as well have concerns about someone without the experience to lead a Consumer Financial Protection Bureau, 1,600 employees, a billion dollars -- or excuse me, millions of dollars in budget that is looking out for the best interests of consumers when it comes to financial projects.

I have concerns about what I've heard from you today as being the right person with the right experience to lead. Let me also say Ms. Reed, I look forward to supporting your nomination. Thank you.

CRAPO:

Senator Reed?

J. REED:

Well thank you very much, Mr. Chairman. Thank you both for your willingness to serve. Ms. Kraninger, I -- I assume you're familiar with the Military Lending Act. So if a service member would prefer to go to court to enforce his or her right to -- instead of being forced into arbitration, do you think that service member's charge should be protected?

KRANINGER:

Yes senator, to the extent again it's provided under the law.

J. REED:

The Military Lending Act has been recently strengthened by the Department of Defense with new regulations to close loopholes and to prevent scrupulous lenders from preying upon service members, men and women.

And having in my earlier days been an executive lawyer (ph) at a company, I've seen this firsthand. So do you support the stronger emulating (ph) rules, and if confirmed will you enforce them to the fullest extent possible?

KRANINGER:

Senator, I am absolutely committed to enforcing the law.



J. REED:

The rule making pointed out that one of the impacts on service members and their military careers is the financial instability caused by being exploited, and that affects their performance. So the Military Lending Act, I'm very concerned and involved in, it just helps our readiness.

And one of the things that I think that we had to accept was the limit on interest charged to an individual service member, it's 36 percent. Do you think that is too high given the current market rates, which are even for credit products, are about 16 percent?

KRANINGER:

Senator, certainly the -- the rate varies associated with what the product is and -- and what the risks are available. I -- I support competition in the marketplace such that service members and others have the opportunity to avail themselves of different options in the market based on what their financial needs are.

J. REED:

The question I think is that we statutorily set the rate -- the top rate at -- at 36 percent, but given current rates in the market, roughly 16 percent for the return on the Dow Jones, my view is that I think we should be able to -- to lower those rates.

So would you be supportive of legislation that would lower those rates?

KRANINGER:

Senator, I -- I appreciate where you're coming from with the question, but I do think it depends on what the product is and -- and what the conditions are and -- and terms are. There are various products in the marketplace certainly when it comes to short dollar lending options that are there.

It differs greatly from the credit card products or -- or other products in the market.

J. REED:

Well I would hope that we could work, my colleagues and I, to lower the interest rate to make it more competitive to what's available in the market for most products, regardless of how long, the duration. Did you or anyone with whom you worked with at OMB on Homeland Security or Justice Department issues ever refer to the administration's policy of separating immigrant families at the border as a deterrent?

KRANINGER:

Senator, I -- I am not sure that -- that may have been in public comments by -- by individuals, but I am not sure.

J. REED:

Have you ever used that? Have you ever heard anyone discussing it?

KRANINGER:

Senator, by recognizing that in 2014 that was something that was discussed and the courts actually ruled on that, that was determined at least in I believe this other district of California as -- as not appropriate.



So I -- I appreciate where you're coming from on that.

J. REED:

Do you feel it's not appropriate right now?

KRANINGER:

Senator, I ...

J. REED:

I mean right here?

KRANINGER:

These are very difficult, challenging issues. A sovereign nation should defend its borders, I -- I believe, and at the same time there are a lot of circumstances from people around the world which ...

J. REED:

Let me ask a simple question. Do you think separating children from their parents is a way to deter border crossings?

KRANINGER:

Senator, again I -- I -- I don't want to talk about the ...

J. REED:

I -- you don't want to talk about it, but I am asking you a question.

KRANINGER:

Yes, I -- I understand the ...

J. REED:

So would you like to give responses?

KRANINGER:

I -- I'm sorry, I -- I don't want to characterize the -- the international conversation ...

J. REED:

I'm asking what you feel, ma'am.

KRANINGER:

I understand senator, but it -- it does go down the road of -- of advice and personal opinions ...



J. REED:

It goes down the road of your values and your judgment and those things that we look for when you evaluate someone who's going to be -- lead the CFPB. That's where it goes down the road to, and you don't want to go down that road.

So I would suspect that you probably have done that or you feel that way. Do you feel that way?

KRANINGER:

Senator, I don't believe my -- my personal opinions or feelings on this issue are -- are the appropriate line of -- of discussion. I -- I understand why you're asking, I do believe that there are -- certainly I've been to many places in the world, I've spent time in -- in Guatemala, I served in the Peace Corps.

I understand the country that we have today, that is -- is an amazing country where we have many freedoms that others in the world do not. And I certainly appreciate that this is a place where people would like to come to enjoy those freedoms.

J. REED:

So I only can ensure -- I only can assume that you in fact used the term degenerate and didn't -- didn't object to it, and feel that's an appropriate policy consideration. Thank you very much. Thank you.

CRAPO:

Senator Heitkamp.

HEITKAMP:

Thank you. First thanks to my colleagues who are letting me go ahead of them. I'm greatly appreciative and I don't know what it's going to cost me at the end of the day, but I'm pretty sure it's a big favor coming their way.

Ms. Reed, I want to, again, encourage the Chairman to move this nomination. He knows how diligent we've been working to get the Ex-Im Bank up and running. I want to say where I appreciate Senator Toomey's concerns; I do not want to associate myself with the characterizations that he made about the Ex-Im Bank.

I think it's been a tragedy. And I'm glad you're moving forward. And I want to encourage the Chairman to move enough of these nominees now forward, with majority leader McConnell, to get the Ex-Im bank up and running.

And so, obviously, great credentials, we liked you the last time you were here. I think your perfect for this job. Good luck and we want to do everything we can to get you across the finish line.

Ms. Kraninger, I just have a series of yes and no questions. It's not about morality or anything else. It's about your experience. And I don't want equivocation, just yes or no if we can do that. Have you ever worked at a bank or a credit union?

KRANINGER:

Senator I have not, and like many other ...



HEITKAMP:

OK. Have you ever had oversight or regulated a bank or a credit union?

KRANINGER:

No Senator, I have not, like many other nominees.

(CROSSTALK)

HEITKAMP:

Have you ever been responsible for oversight or leadership in supervising payday lenders?

KRANINGER:

No Senator, I have not, like many other ...

(CROSSTALK)

HEITKAMP:

Have you had experience working with credit bureaus, insurance companies, debt collectors, and student loan processors?

KRANINGER:

Senator, in a professional capacity, like many other nominees I have not had direct experience with that.

(CROSSTALK)

HEITKAMP:

OK. Do -- have you had any final decision making responsibility for enforcing federal -- state or federal consumer protection laws?

KRANINGER:

Senator, again, like many other nominees approaching different positions I have not ...

(CROSSTALK)

HEITKAMP:

So the answer is no. Have you had any experience under the equal credit opportunity act, any final responsibilities for a leadership there?

KRANINGER:

Senator, I have not, but I have certainly ...



(CROSSTALK)

...made myself familiar with these -- with these acts and the responsibilities of the Bureau ...

HEITKAMP:

Have you ever worked or volunteered your time on matters related to consumer protection?

KRANINGER:

No Senator, I don't believe that I have. I have certainly volunteered my time ...

(CROSSTALK)

HEITKAMP:

Have you ever worked on financial literacy or volunteered your time to promote financial literacy especially for you (ph)?

KRANINGER:

Yes Senator, I actually have done that. I have some experience in -- in working with individuals on -- on that. Particularly, when I was in college we did have a program to promote financial literacy and ...

(CROSSTALK)

HEITKAMP:

And what -- what did you do to -- what was your involvement in that program?

KRANINGER:

Working a little bit on curriculum in the area. And so it is something that is -- is definitely important to the roles and responsibilities I would be taking on as director.

HEITKAMP:

Do you have a PhD. or Masters Degree in Economics of Finance?

KRANINGER:

Like many other nominees in these positions, no I do not.

HEITKAMP:

While you're in law school, what classes did you take regarding consumer protection?

KRANINGER:

Senator I -- I -- it was a long time ago so I don't remember every class that I took but I certainly did take the administrative procedures ...



(CROSSTALK)

HEITKAMP:

But -- but you remember what you did in college relative to financial literacy so...

KRANINGER:

Well the Administrative Procedures Act was certainly something that I studied extensively. I took a class in Privacy Law. I did take a class in other Administrate Cyber Security Law, actually as a matter of fact. So those are all relevant to the discussions that we're having here today, as well as corporations, which I know was required of every -- every individual in the program I took.

HEITKAMP:

OK. Thank you. I think the point I'm trying to make is this is a highly technical job. And you know, simply having the skill sets of a Law Degree and having some familiarity with the operation of the Administrative Agencies Practice Act I think gets us to a point where we have to judge not -- I mean, I'm not asking you about morality, I'm not asking you about anything.

I'm just asking you about your court competencies here for the job that you've been nominated for. And -- and so I think -- I think obviously you're highly competent in -- in -- and a trained professional.

We just -- I just think that maybe we ought to have somebody who understands kind of the hurt, who has had experience, as Senator Cortez Masto talked about with the crisis, has had experience in dealing with people who have -- and -- and has empathy.

And I think, you know, to Senator Reed's point, you know it may seem irrelevant, but this is job where literally people are on the edge, where they don't know if they're going to make payroll. They don't know if they're going to be able to put food on the table.

And we want somebody in that job who not only has court competency, but some empathy. And so thank you so much. And my time's up and again, thank you to my colleagues.

CRAPO:

Thank you. Senator Van Hollen?

VAN HOLLEN:

Thank you, Mr. Chairman. Thank both of you for your testimony here today.

And just to follow up Ms. Kraninger on some of these questions; because I understood some of the concerns you expressed about not getting too deeply into the internal deliberations and advice you offered. I understood that -- that part.

But now you're going to be heading up an independent agency, right? This is an independent agency is it not?

KRANINGER:

Yes Senator, it is.



VAN HOLLEN:

And it's not that you're going to be in an aligned position simply enforcing the policy from above. You're going to play a key role in developing policies, the head of an independent agency.

And so I do believe your personal views on a range of issues are important in that context. And I wasn't here for all the questions of Senator Warren. I heard Senator Reed's question.

And is it your position that you're not going to answer the question about whether or not you personally supported the policy of family separation, separating kids from their parents? What is your personal view on that policy?

KRANINGER:

Senator, I appreciate greatly the -- the questions that you're raising and -- and happy to discuss qualifications in -- in my judgment. I've certainly always given my best advice to every person that I have worked for in my career. And that is very important to me and -- and as well keeping that advice in -- in perspective close.

VAN HOLLEN:

I -- I think the difference here, as I said, is it's -- it's one thing to not share openly advice that you're giving within the administration. But given the fact that you are now going to head an independent agency, where your views and positions will definitely inform a lot of the actions that you will take, I do think it's troubling that you won't share that information with the committee.

Let me ask you about the Office of Fair Lending and Equal Opportunity, because in our state of Maryland, like some many other places in the country, we have had a bad history of discrimination in lending in many places. There was a case against Wells Fargo in Baltimore a little more than ten years ago. There have been other cases where it was established that they discriminated against African Americans and people of color.

Do you agree this is a continuing problem that we have to face in this country, fighting discrimination in lending?

KRANINGER:

Yes, Senator, I do. I think it's incredibly unfortunate. Discrimination should have no place in society, much less the markets, but it -- it certainly exists.

VAN HOLLEN:

And, you know, one of the things that was established when the CFPB was established was the Office of Fair Lending and Equal Opportunities. I mentioned and one of the first things that the acting Director Mulvaney did was he moved the enforcement authorities for fair housing out of that office.

Would you be willing to put those enforcement authorities back into the Office of Fair Lending and Equal Opportunity?

KRANINGER:

Senator, I can assure you that enforcing the fair lending laws is a critical responsibility, whether it happens in the division of supervision, or whether it happens in a reconstituted fair lending office.



It is definitely something that I can commit to you that I will look at and --and review freshly in talking to the staff that are there, and understanding how their responsibilities have changed in this change. And looking fresh at the organization is something I will do.

VAN HOLLEN:

I, you know, I think it was -- I think it was rightfully interpreted at the time as weakening the authority, because the idea was the folks who were paying close attention every day and doing the supervising are probably in the best position to do the enforcement. And having enforcement authority, obviously, helps them in terms of getting the attention of the folks that they're overseeing.

Same with the Office of Student Lending; as you know, director -- Acting Director Mulvaney abolished the Office of Student Lending. That doesn't -- that's not to mean there aren't efforts going on in student lending, but would you be willing to reestablish that, given the fact that we have students who have trillions of dollars of debt and in many cases there also are issues with respect to the -- the fair -- the -- their contract, their leant (ph) loan contracts, as you know there are a number of lawsuits going on.

So would you be willing to reestablish that office, given the centrality of that issue?

KRANINGER:

Senator, I agree with you that student lending is an important issue. It's certainly something Congress is looking at. And -- and there have been a lot of changes in that under the law in recent -- recent years.

At the same time I -- I want to note that I will absolutely review the structure of the organization and -- and I will certainly consider that with an open mind.

VAN HOLLEN:

The last thing I will ask regarding the trial separation policy is, as you know there's been a court decision ordering the administration to reunite these children with their parents within a certain period of time. The administration's missed those deadlines. There's a resource issue and in your capacity at OMB, I hope you will work within -- as you go through this process here. I hope you work with us to make -- to get a supplemental appropriation.

Because I'm hearing -- there was a article in Politico the other day saying that the administration was planning on taking resources from other parts of the Department of Education to pay the cost of complying with the court order. And I think that we'd be better served if we find those resources to meet this court order, without robbing another part of the Department of Education.

Are you familiar with that issue and can you work with us on that, as your nomination continues to work its way through the process?

KRANINGER:

Senator, I'm not -- it must be within the Department of Health and Human Services, which is not my area...

VAN HOLLEN:

Did I say Department of Education?



KR	ANINGER:
Yes	

VAN HOLLEN: I'm sorry, I apologize.

KRANINGER: That's OK.

VAN HOLLEN:

You're right, Health and Human Resources.

KRANINGER:

It must be within Health and Human Services, which is not my purview, but I'm happy to take your concerns back

VAN HOLLEN:

Thank you.

CRAPO:

Thank you. Senator Jones?

JONES:

Thank you Mr. Chairman, thank you for this hearing. And to our nominees, I apologize for being in and out. Schedules get kind of crazy sometimes, so I do apologize.

Ms. Kraninger, I want to follow up a little bit on a couple of things. I know that Director Mulvaney, and I think you, have talked about getting back to the statutory mission of the agency, which I appreciate. But one of the -- one of the missions -- one of the objectives: consumers are to be protected from unfair deceptive or abusive acts and practices and from discrimination.

For millions and millions of Americans, that last clause may be the most important, particularly people of color. Folks these days, someone can look just like I do, which would be really sad to be honest with you, but they can look like I do, have the same credit, have the same income, have the same profession, and yet another person who has a different skin color would get offered a different financial product.

And so I want to ask first, do you plan on making fair lending a priority if you are confirmed?

KRANINGER:

Senator, to your point, I think it is abhorrent that discrimination exists in society and in the markets. And I am committed to enforcing the law, absolutely, to address any of the issues that we find in that area.



JONES:

Great. Well thank you -- thank you for that now. Discrimination today takes a lot of different forms. It's not like some of the old days where you see the white and colored signs on water fountains or -- or restrooms. It can be a lot more subtle. And sometimes it doesn't even have the -- the actual intent, but can have the disparate impact on a group.

So I'd like to get your thought on how you will view cases, and whether or not you will use disparate impact in looking at the broader section of -- of a minority group, and whether that would come into play, and what your feelings are about disparate impact uses. Because that's used a lot -- in a lot of the legal cases that I've been involved in overtime, because, you know, you can't always prove the specific intent.

How you feel about disparate impact on the use of -- in your CFPB cases?

KRANINGER:

Senator, I appreciate the question and appreciate the point that you're raising, because yes, in many cases this could be a more subtle action.

I think there are a few things that the bureau can do in this area; certainly in terms of working through the supervision process. To your point, if there is no intent, this something that can be looked at.

At the same time, with respect to court cases and enforcement actions as you're well aware, the arguments about disparate impact are very complicated. And it is a -- a challenging area, legally speaking.

So I can commit to you, that should I be confirmed in this position, that when I get to the Bureau, I will have a detailed conversation with the staff on this area, to understand what positions the Bureau has taken in the past on this issue, and -- and what the status of litigation is on the issue and -- and take the appropriate actions to ensure that we are promoting fair lending.

JONES:

I think they've used it in the past, and used it somewhat successfully. But Director Mulvaney has said he wants to get away from it.

Do you -- would you be willing to take another look at using disparate impact on an entire community, whether or not there's a sign that says we don't -- we're not going to give this person a loan because they're black or Asian? But if they're -- it's affecting a broad swath of -- of minority consumers, would you be willing to take a look at using the disparate impact theory to try to help resolve some issues of discrimination?

KRANINGER:

Senator, I will commit to you in establishing clear rules and making sure that they are enforced, that -- that I will look at this issue, absolutely.

JONES:

I'm not sure that's a yes or no. I'm going to take it as a yes.

But I'd like to go back to you a little bit -- Senator Tester, I was here for his comments. And I was a little bit -- and we talked about this the other day, I appreciate your coming in and -- and talking to me about the payday lending rules that have been worked back.



And I guess what concerns me a little bit in our meeting, and in with Senator Tester, you had talked about a respect for the process in the rulemaking process. But the -- but the payday lending rule, went through five-year process. It went through a lot of -- of comments, I mean thousands, if not tens of thousands or a million. I don't know exactly how many, but it was a ton, and for a five-year process, it got finalized. And then Director Mulvaney, on his own, decided to walk that back and start that process all over again.

And so I'm a little bit concerned that we're now respecting a process that hasn't been respected before, and I'd like for you to comment on that, and what you plan on doing with consumer, because it is a huge issue in my state. I mean, 250,000 people took out two million loans. That's an average of eight of these loans per person, and it is a huge process. It's really hurting these people a lot.

So I -- I'd like to get a little bit better clarity, when you're talking about respecting a process that has already gone on. What do you mean with the consumer lending right now?

KRANINGER:

yes, and Senator, I -- I truly appreciated your time, and -- and I recognize this a difficult issue in many states. They have taken different actions for a myriad of reasons, whether it's authority or, you know, willingness, frankly, on payday lending.

What I -- what I mean, in terms of the process, is that the acting director has announced the reconsideration of that rule, and from that standpoint, that's the -- the -- the basis for that reconsideration, and what aspects are being reconsidered is -- is not something that I am -- am privy to, nor has it been discussed publicly. And so that's the process that is ongoing within the bureau right now, under active consideration.

JONES:

All right. That's -- that's all my time. Thank you.

CRAPO:

Senator Donnelly?

DONNELLY:

Thank you, Mr. Chairman. I want to thank the witnesses and your families.

I am a strong supporter of the Export-Import Bank, our country's export credit agency. It helps American businesses export goods and services, and compete in our global marketplace. The Ex-Im Bank doesn't cost taxpayers a dime. In fact, it has returned billions to the Treasury. It protects and creates countless jobs across the country.

In Indiana, since 2012, the Ex-Im Bank has directly helped 84 Hoosier companies, including 63 small businesses, to export more than \$2 billion in goods and services overseas. In 2015, I worked with Senator Heitkamp in a bipartisan group of colleagues to end the six-month shutdown of the bank, and enact a long-term reauthorization. Unfortunately, Ex-Im is still not running at full steam, because it lacks the three-fifths board membership required to obtain a quorum and approve transactions over \$10 million. As a result, there's a backlog of \$42 billion in deals, representing 250,000 jobs stuck in a pipeline, waiting approval.

We need a fully-operating Export-Import Bank now more than ever. While the U.S. has handcuffed its own export credit agency in recent years, our international competitors have significantly increased their efforts. There is at least 85 foreign export credit agencies aggressively supporting their own domestic industries. Countries like China, Brazil and India are doubling down on their export credit agencies.



Not only that, but current trade policies are damaging the foreign markets our Hoosier farmers and manufacturers have spent decades developing. Our exporters were already at a disadvantage from a weakened Export-Import Bank, and now trade policy is making it worse.

To grow and maintain a strong economy, we need to send American goods, Indiana goods, all over the world. Our businesses deserve a level playing field with their foreign competitors. Policymakers should make it easier, not harder for businesses to do that.

Ms. Reed, these are fairly simple questions. You don't have to go into a long explanation on them. Do you agree foreign countries are aggressively investing in their own export credit agencies in order to boost their domestic industries?

K. REED:

Yes.

DONNELLY:

Do you agree the U.S. is hurting itself by not having a fully-functioning Ex-Im Bank when its competitors are increasing resources for their export credit agencies?

K. REED:

Yes, I do.

DONNELLY:

Do you agree Ex-Im Bank helps Hoosier businesses like manufacturers and farmers develop foreign markets for U.S. goods and services?

K. REED:

Absolutely.

DONNELLY:

Just months ago, this committee approved Ms. Reed's nomination for Ex-Im vice president with an overwhelming 22-3 vote. Now, she's been nominated as president of Ex-Im. I encourage that confirmation as soon as possible to bring fresh leadership. Hopefully, her confirmation will be followed by fellow board nominees, and we can allow the Ex-Im Bank to return to full strength for the first time in several years, creating more American jobs again. A strong Ex-Im Bank boosts exports, create jobs and returns money to our taxpayers.

K. REED:

(inaudible)

Ms. Kraninger, two months ago, under Director Mulvaney's leadership, the CFPB announced it would eliminate its Student Loan Office and merge it into another office. Ms. Kraninger, I don't know of an area where young people in my state have incurred more debt than in the area of student loans. For many of them, it has prevented them from being able to buy homes, being able to buy cars, being able to fully participate in our country and our economy.



A recent report finds 60 percent of Indiana's college graduates leave with student loan debt, and the average is \$29,000 per student. I saw your answer to Mr. Van Hollen (ph) before about reinstating the Student Loan Office. I am a strong supporter of that. You're going to review that. I would urge you very, very much to do that. What are your plans for protecting student borrowers?

KRANINGER:

Senator, this is an important issue, and certainly under the law, the bureau was provided the responsibility for looking at student loan -- private student loans.

DONNELLY:

Well, now that they've closed down the office, what are your plans? Do you plan -- you -- you said you'd take a look at reopening it. What specific plans do you have right now, in regards to student loans?

KRANINGER:

So Senator, there is the position of the private student loan ombudsman that was created in the statute, the position that still exists. So certainly, a first-order issue is going to be sit down with -- with the individuals in that office to understand the activities that they have ongoing. I appreciate the priority you're placing in this, and it is certainly something I want to understand better.

At the same time, with the federal role in student lending, both in origination, with 92 percent of the originations today happening at the Department of Education, and with their efforts to actually bring servicing into the Department of Education, I think that is another area that I can tell you is a priority: It's sitting down with the officials at the Department of Ed to talk through what their, you know, what their efforts are there, where the bureau can be helpful, and what role the bureau plays (inaudible)

DONNELLY:

Well, for -- for many of our young people, not only in my state, they're looking to you for help, because interest rates are -- if you look at the interest rate on a house and on a student loan, and -- and obviously, they're different products. But you have young people paying incredibly high interest rates who -- who look and -- and feel they may never get out from under this burden that they have, and they'll never be able to buy a home, and they'll never be able to buy a car. And that's an extraordinarily discouraging situation for people across our country.

One other question I want to ask: Mr. Mulvaney once called the CFPB a joke in a sad, sick kind of way. Do you share his sentiments?

KRANINGER:

Senator, Director Mulvaney has certainly responded to those comments. I can tell you that I support...

DONNELLY:

Well, I'm asking you -- yes.

KRANINGER:

I support the bureau as it was established in Congress, and the roles and responsibilities it was given...



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Well, what I asked you is, did you think it was a sad, sick joke, the way it was being run?

UNKNOWN:

I thought that was a good answer.

KRANINGER:

Senator, again, I support the bureau's mission, and -- and look forward to, if confirmed, rigorously exercising...

DONNELLY:

Well, this is a simple yes or no. It's like, do you like peanut butter or not? Do you think it was a sad, sick joke, the way it was being run, or not?

KRANINGER:

Senator, those are not words I would use, and I believe the director has responded to those comments since.

DONNELLY:

Thank you very much. Thanks, Mr. Chairman.

CRAPO:

Thank you, Senator Donnelly.

We've had a request by several members of the committee for a second round. I will agree to that, although we will hold it to five minutes. The senators have been taking quite a bit of liberty today, and we are well past the time that we should have allocated.

All right, we have...

(CROSSTALK)

DONNELLY:

I did not take much liberty, Mr. Chairman.

(LAUGHTER)

CRAPO:

I will accept your -- your comment, Senator Donnelly.

So we will do that. And Senator Brown, I turn to you.

BROWN:



Thanks, Mr. Chairman.

Ms. Kraninger, you talked a lot about accountability and transparency at the CFPB. When you submitted paperwork to this committee, you -- you are -- you had to disclose any campaign contributions from the last eight years above \$500, correct?

KRANINGER:

Yes, Senator, I believe that's -- I don't have the form in front of me, but I believe that was the request.

BROWN:

Well, you -- you didn't make a \$500 donation to Governor Kasich's presidential campaign, but you made two separate \$250 donations. You didn't disclose that, correct?

KRANINGER:

I believe it -- the -- again, I -- I did disclose exactly what was requested by the committee, Senator. I -- I don't remember the exact facts...

BROWN:

No...

(CROSSTALK)

KRANINGER:

... I don't have the paper in front of me, if you do -- to note that it was above \$500 and I -- I don't...

(CROSSTALK)

BROWN:

I -- I don't -- I don't believe what you just said was true. You -- well, let me ask again. And did you disclose -- you didn't disclose the contributions to Mitt Romney's campaign that were under the \$500 threshold but were more than \$600 total.

So two contributions you didn't think that qualified for what you think you should disclose?

KRANINGER:

Senator, I believe there was a time period -- again, I don't have the -- the documents in front of me. If you have them, I -- I would be happy to...

(CROSSTALK)

BROWN:

We do. And you made contributions to Kasich, you made contributions to Jeb Bush. Do you know of -- and -- that should have been disclosed under law, or under the rules of this committee. Did -- did you make any other donations to the 2016 presidential campaign?



KRANINGER:
Senator, I believe those are the only two that I did make, yes.
BROWN:
All right. You didn't answer, in that first round, my question of whether you would appeal the 9/11 scammer case. You said you'd implement the law. Who decides whether to appeal or not?
KRANINGER:
Senator, I'm not familiar with the details of of where that case is. I I certainly appreciate the responsibility

BROWN:

(CROSSTALK)

But who decides whether to appeal a case or not, at the CFPB?

KRANINGER:

The director does have the authority to determine these things. At the same time, if a -- if a case is actually headed to the Supreme Court, the bureau does not have...

BROWN: True (ph). KRANINGER: ... independent representation...

Right. KRANINGER: ... authority...

BROWN:

(CROSSTALK)

BROWN:

So do you plan to defend the agency in this case, on the scammer 9/11 case?

KRANINGER:

Senator, without the benefit of being inside the bureau to understand the positions and litigation strategy that was taken, that is a very challenging question to -- to answer. And I -- I don't want to prejudge that either.



The opportunity to speak with the general counsel, to understand the positions that they have taken, to understand the conversations that they may have had with the Department of Justice, given the fact that the bureau cannot represent itself, is -- is something that I would certainly undertake, should I be confirmed.

BROWN:

Not long ago, I think it was in May, Director Mulvaney teamed up with a group of payday lenders to sue the CFPB, the agency he claimed to be leading, and to delay its payday rule.

You're a lawyer. Do you think agencies should sue themselves to present -- prevent consumer protections from being implemented?

KRANINGER:

Senator, I think that the responsibility is clear in the statute, for the director to carry out the law and manage the bureau appropriately. And that is certainly what I would pledge to do, and I would certainly pledge to work with all of you in carrying out those responsibilities...

(CROSSTALK)

BROWN:

Do you think it's proper for a -- for an agency to sue -- for an agency chief to sue itself? To -- to sue himself, herself, itself?

KRANINGER:

Senator, I'm not familiar with the details or the internal deliberations...

(CROSSTALK)

BROWN:

Well, I think you must know about...

(CROSSTALK)

KRANINGER:

... that led to that.

BROWN:

It's not a question of internal deliberations. Do you think it's proper for an -- for the head of an agency to sue that -- to team up with outside interests, whether you generally are pro-payday lenders, as Mulvaney, from his - his travels and his exhortations and his political contributions, certainly would be.

But whether or not you're -- you're close to or supportive of -- of an interest group, do you think it's proper for an agency to join outside interest groups, an agency chief to sue its -- that -- that agency?

KRANINGER:



Senator, being unfamiliar with the specific facts that you are articulating here, I don't know the basis for that decision.

(CROSSTALK)

BROWN:

No. I -- I 'm sorry...

(CROSSTALK)

KRANINGER:

But I -- I will tell you, Senator, that it is -- it -- it would certainly be unusual. It would certainly be unusual.

BROWN:

That was not my -- appreciate your agility and facileness. That was not my question, on commenting on that case. I'm saying, do you think it's proper for an agency chief to join -- you're a lawyer, I'm not. So maybe you're at an advantage here. But is it proper for an agency chief to join an outside interest group to sue the agency itself?

KRANINGER:

It is certainly unusual. I...

(CROSSTALK)

BROWN:

Thank you. I know it's like -- you -- we've established that's unusual. We know that. You don't know the specifics -- at least, you say you don't know the specifics of the case. That's fine, too.

Is it proper for an agency chief to sue its own agency, with or on behalf of an interest group that has business in front of that agency?

KRANINGER:

Senator, I can tell you that I come to this position without any particular special interests other than serving the American people, and I...

(CROSSTALK)

BROWN:

Can't you just say no, it's not proper?

KRANINGER:

I -- I don't know the details, Senator...

(CROSSTALK)



KRANINGER:

I -- I don't know the details, Senator...

BROWN:

Or no, I'll never do it, or yes, maybe I will do it?

KRANINGER:

Senator, it's unusual and I'm sure, again, there are reasons that that action may have been taken that I'm no privy to. But, again, I -- I certainly pledge to you that I will carry out the duties and responsibilities of this position to the best of my ability.

CRAPO:

Senator Warren?

WARREN:

Thank you, Mr. Chairman.

All right. So you don't have any experience in consumer finance or consumer protection. No qualifications at all. Evidently, the one thing that you have done in your career is work on President Trump's 2019 Fiscal Year budget request for the CFPB. And the Trump administration has used that, now claiming that this gives some insight into how you would run the agency.

So this is an "are you qualified?" question that, at least according to the Trump administration, should be directly in your area of supposed expertise.

Now, let's go through it. To be clear, the CFPB sets its own budget. So the budget you proposed had no actual effect on the agency, is that right?

KRANINGER:

That is correct.

WARREN:

And on top of that, the budget you set for the CFPB is a single top-line number. It doesn't break down how the CFPB would adjust its spending to reach that number. Is that right?

KRANINGER:

That is correct.

WARREN:

Good. So you're the budget expert. Let's talk about how the CFPB would meet the budget that you drafted.



Your budget for 2019 calls for a 23 percent cut, relative to the CFPB's proposed 2019 budget. That's about \$147 million cut. CFPB's number one expense representing more than half of its total cost is compensation and benefits of its employees.

Other than the director and the dozen new political appointees that Mick Mulvaney has brought to the agency, every other CFPB employee's a civil servant. So in order to achieve the 23 percent cut you've proposed, would you fire civil servants?

KRANINGER:

Senator, first, let me clarify that it is the president's budget request and -- and not mine.

(CROSSTALK)

KRANINGER:

Certainly, I did support its development...

WARREN:

Can we just do this? We're going to be held tight on time. Would you fire civil servants, is that your plan?

KRANINGER:

Senator, to your point, in FY 2017, 53 percent of the funds that were utilized under Director Cordray were for salaries and benefits of people and so ...

WARREN:

So are you saying -- can you just give me a yes or no? Will you fire civil servants?

KRANINGER:

Senator, there are laws in place certainly that protect civil servants and so ...

WARREN:

So is the answer no?

KRANINGER:

The answer is ...

WARREN:

Good.

KRANINGER:

... that 53 percent was salaries and benefits, which does leave a significant amount of funds for other activities.



(CROSSTALK)

WARREN:

So will you fire civil servants?

Mr. Chairman, I'm going to ask for extra time if we're going to keep playing this game. It's a straight-forward - will you fire civil servants? That's not hard. This is your area of expertise, your budget that you put forward.

Do you contemplate firing civil servants to meet your \$147 million cut, yes, no?

KRANINGER:

Again Senator, it is not my budget, it is the President's budget.

WARREN:

Then does the President's budget, as drawn up by you, and offered as your expertise for this job, contemplate firing civil service employees?

KRANINGER:

Senator, the proposal to Congress is -- is what the President's budget reflects. And it was a discussion on the debt and deficit situation. That was certainly the focal point for not having that ...

WARREN:

So in other words, you're just playing dodgeball here. You're not going to fire civil servants, then let's see how you're going to try to make this up.

Let me try another one. The next largest set of expenditures for outside contracts, a big chunk goes to maintaining the agencies cybersecurity.

Do you plan on reducing cybersecurity?

KRANINGER:

So 31 percent of the funds in FY '17 was for outside contractor services. That certainly is a big part, is I.T., to your point, and ...

WARREN:

Could we please stop playing dodgeball? Do you plan to cut expenditures? The next biggest investment is on cybersecurity. Do you plan to cut on cybersecurity?

KRANINGER:

Senator, I do believe that that other contract services line is something that really does need to be ...

WARREN:



Do you plan to cut on cybersecurity? It's the next biggest line.

KRANINGER:

Senator, cybersecurity and I.T. investment are certainly important to the organization's carrying out ...

WARREN:

So is that a no, you won't cut?

KRANINGER:

I think it is something that needs to be examined, absolutely, every line item does.

WARREN:

Examine, does that mean cut or not cut?

KRANINGER:

Senator, without being inside the bureau and going through line by line ...

WARREN:

So you might cut cybersecurity?

KRANINGER:

I -- there could be an opportunity within the contract in any area (inaudible), productions and education fees.

(CROSSTALK)

WARREN:

OK, so the next largest expense is travel costs. As I assume you know, most of the agency's travel costs is because the agency sends examiners to visit the financial companies that they supervise, so that they can actually make sure they're complying with the wall -- law.

That supervision is required by Dodd-Frank. Would you cut back on examinations and supervision in order to achieve the 23 percent cut you need to achieve?

KRANINGER:

Senator, looking at travel I think is a legitimate consideration. At the same time...

WARREN:

Recognizing that this is travel to go enforce the law at the banks. You would cut that back?

KRANINGER:



I think looking at the travel and looking at the efficient distribution of staff is certainly something that is appropriate inside the budget.

(CROSSTALK)

WARREN:

So you're thinking about cutting it back, so we don't send as many people out to enforce? You know, I just want to be clear on this, even if you got travel costs to zero, you would not be any place close to what you put forward as the proposed budget.

So where is the \$147 million, the 23 percent cut coming from? Can you just tell me where the areas are you plan to cut that's going to get -- get us there?

CRAPO:

And please keep your response brief.

WARREN:

yes.

KRANINGER:

Senator, this was the President's budget request. And I pledge to you that I will look at every line item within the bureau's budget, should I be confirmed ...

WARREN:

No, you don't get to dance away from this by saying it is the President's budget -- budget. The President has offered you up as saying this is your expertise. The -- your one piece of consumer protection expertise is you put together a budget for the CFPB.

So what I want to know is you proposed a 23 percent cut, \$147 million; give me some ideas about how you actually would make a \$147 million cut at that agency?

CRAPO:

Please respond briefly.

KRANINGER:

Senator, I believe there are opportunities for efficiency and consideration. And it may involve frankly spending funds on other activities that are under-funded. So I pledge to you that I will look at carefully the budget of the bureau.

WARREN:

So let's just be clear...



CRAPO:

Senator ...

WARREN:

I want to be clear on this. She has dodged around this for this entire question -- line of questions. The one thing you've done in your career that is related to the CFPB is to come up with a budget number, and the budget number simply doesn't add up.

You cannot explain how that agency can do its work if it has a 23 percent budget cut that you put together, and the Trump administration offers as your expertise. The only thing you can come up with is well, maybe you'll cut travel, which means there will be less enforcement.

And I know that will make bank lenders happy, payday lenders happy, but it doesn't reflect any knowledge of the CFPB or any commitment to the CFB's -- CFPB's central mission of trying to protect consumers and level the playing field.

CRAPO:

Senator Tillis?

TILLIS:

Ms. Kraninger, the -- a lot of people have tried to boil complex subjects down into simple yes, no answers. There's only one that I heard that I felt like we deserve a yes or no answer, that was from Senator Donnelly. Do you or do you not like peanut butter?

(LAUGHTER)

KRANINGER:

Senator, I like peanut butter, thank you.

TILLIS:

Because outside of that question, I think it's absurd for anybody up here to say that this was nothing more than the sort of gotcha tactics that some members use to try and -- to try and -- well support their narrative.

Now I want to get on OMB. First off, how big is the CFPB? How many employees?

KRANINGER:

There are about 1,600 employees at the CFPB.

TILLIS:

Do you think that within that employee base that you have a few economists and finance experts and people that have worked for credit agencies, or worked for business lending or, you know, any number of financial fields?



KRANINGER:

Yes Senator, they have a wide variety of skill sets and -- and expertise that is being brought to bear.

TILLIS:

So you, as the manager, would you actually see yourself getting up in the morning, coming in early and writing out the policies, or directing the affairs of the agency and the priorities?

KRANINGER:

Senator, it is certainly the latter, directing the priorities and expecting the staff to -- to put forward the policies that align.

TILLIS:

Thank you. How big was the -- the scope of your portfolio? Or how big is the scope of your portfolio at OMB, with respect to the whole of the administration?

KRANINGER:

It is roughly a fifth of the total government, \$250 billion in resources, 37 agencies.

TILLIS:

So you have a lot of time in your day. I -- I was in research and development early in my career in the '80s up in Boston. And I was a product manager. So when we were formulating a technology policy, I would bring R&D. I would bring manufacturing. I would bring finance. I'd bring marketing together.

It was the scientists that worked under my matrix supervision who came up with the ideas. And then it was these organizations to figure out the complexities, the -- the pipes, all that you needed to do to actually pay for it, administer it.

Would -- would you kind of consider that to be an analogue to your role in Office of Budget and Management? Not formulating policy, but implementing it?

KRANINGER:

Yes Senator, that certainly is the case and -- and with a wide variety of staff and wide variety of topics.

TILLIS:

Which is why I find it remarkable that anybody would suggest that you were actively engaged in the formulation of the policy on child separations. You have certain -- if you take a look at child separations, it's something I know a lot about because I proposed by it (ph).

I love the passion here about solving the child separation problem. I'd like to see that rhetoric go from this -- from this Senate Committee to the floor where we have a solution. And I'll be talking about it on the floor a little bit later today.



Because I sometimes wonder whether or not people really want to solve this problem, or if they want to use it to come here and pretend that only the -- the -- the President can solve the problem. It's the Congress that can solve that problem.

And once we pass that bill, in your current capacity, we would expect you to figure out how to implement the policy. It -- it's -- it's frustrating to me to see the passion expressed about certain issues in this committee, and an absolute vacuum in the chamber where we can actually produce a result.

This, by the way, is not leading up to a yes, no question. But can -- can you tell me just a little bit more about, again, on a day-to-day basis, to what extent in your entire tenure in office -- in OMB, that you've ever been actively engaged in crafting the policy choices?

KRANINGER:

Senator, that's a -- that's a very fair question. In terms of what generally comes before the Office of Management and Budget, it is what the agencies are formulating. They put forward what their leadership would like to pursue or they have received direction from the President about activities that they should undertake.

And they are formulating the -- a manner in how to address what the President's priorities are, and what he has asked of them. And then we are supporting that effort.

TILLIS:

So again, I -- first off, I want to congratulate you on your nominations and for the family members, thank you all for being here. I know that these hearings can be somewhat troubling, but you should never forget the fact that these two nominees have had very distinguished careers and are very deserving of the nomination. And you all should be proud of it.

Again, I just want to say I hope that the focus on child separations, that I saw in this room, translate to people who want to solve the problem. We are down to what I consider to be very minor differences.

If people look at it and within their hearts they truly want to keep families together, Congress needs to fix this problem. You didn't craft the legislation. You were trying to determine how to implement the policy. And we should put a mirror on the members of the U.S. Senate and say why aren't you fixing this problem?

Thank you, Mr. Chair.

CRAPO:

Thank you, Senator Tillis.

That does conclude the questioning. For Senators wishing to submit questions for the record, those questions are due in one week on Tuesday, July 24. We ask both nominees to respond to these questions by Tuesday, July 31, so that we can vote that week on the nominations.

We thank you both for joining the committee today. As Senator Tillis indicated, sometimes these -- these committee hearings get intense. We appreciate you being willing to come forward and put yourselves forward for service to the country.

With that, this hearing is adjourned.



List of Panel Members and Witnesses

PANEL MEMBERS:

SEN. MICHAEL D. CRAPO, R-IDAHO, CHAIRMAN

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SEN. BOB CORKER, R-TENN.

SEN. PATRICK J. TOOMEY, R-PA.

SEN. DEAN HELLER, R-NEV.

SEN. BEN SASSE, R-NEB.

SEN. TIM SCOTT, R-S.C.

SEN. TOM COTTON, R-ARK.

SEN. MIKE ROUNDS, R-S.D.

SEN. DAVID PERDUE, R-GA.

SEN. THOM TILLIS, R-N.C.

SEN. JOHN KENNEDY, R-LA.

SEN. JERRY MORAN, R-KAN.

SEN. SHERROD BROWN, D-OHIO, RANKING MEMBER

SEN. JACK REED, D-R.I.

SEN. ROBERT MENENDEZ, D-N.J.

SEN. JON TESTER, D-MONT.

SEN. MARK WARNER, D-VA.

SEN. ELIZABETH WARREN, D-MASS.

SEN. HEIDI HEITKAMP, D-N.D.

SEN. JOE DONNELLY, D-IND.

SEN. CATHERINE CORTEZ MASTO, D-NEV.

SEN. BRIAN SCHATZ, D-HAWAII

SEN. CHRIS VAN HOLLEN, D-MD.

SEN. DOUG JONES, D-ALA.

WITNESSES:



KATHLEEN LAURA KRANINGER TO BE DIRECTOR OF THE CONSUMER FINANCIAL PROTECTION BUREAU

AND KIMBERLY A. REED TO BE PRESIDENT OF THE EXPORT-IMPORT BANK

Source: CQ Transcripts



Due 12:00PM Tuesday, 7/31 - FY 2019 Appropriations: Homeland Security Appropriations - House Report Language and Full Committee Amendments - Updates to Initial Reads

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Ex 6 - (5 U.S.C. Sec
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Date: Thu, 26 Jul 2018 16:39:53 -0400

Attachments

House.HomelandSecurity.FullCommittee.Amendments.pdf (3.3 MB)

All -

The House Appropriations Committee has reported out the FY 2019 Homeland Security Appropriations bill with the attached adopted amendments. These amendments will also be posted to the MAX Community site: FY 2019 Appropriations. As soon as the House Full Committee reported bill and report are available from GPO, they will also be posted to the MAX Community site: FY 2019 Appropriations.



Initial-Reads

Please update your original Initial Reads to reflect <u>both</u> report language and adopted amendments. Please update the Word document now available in the "House Full Committee Summaries" section of the <u>Initial Reads Community Page</u> showing any major updates <u>in track changes</u>, and provide a brief bulleted summary of the major changes at the top of the document. Please complete your Initial Reads by <u>Tuesday</u>, <u>July 31st at 12:00PM</u>. If there are no changes to report, please send a negative response to Emma Tessier and Brett Waite or check the appropriate box on the <u>Community Page</u> to indicate that you are done.

<u>NOTE</u>: If you find any drafting errors in the course of preparing your Initial Reads, please email them to OMBLA (Jonny Slemrod and AJ Sugarman) and your bill tracker so that OMBLA can address the errors with appropriate Subcommittee Staff.

Tracker

Also per <u>BDR 18-28</u>, updates to the <u>2019 Tracker</u> are due in MAX Collect **by 2:00 p.m. Thursday, August 2nd**.

Please review the <u>BDR</u> for complete instructions for updating the <u>2019 Appropriations Tracker</u>. In summary, please:

- Ensure the Tracker includes funding and language priorities consistent with the scope guidelines detailed in the BDR.
- Update each funding and language priority for House action following the embedded instructions in each section of the Tracker.
 - Some fields may have data that was migrated from the 2018 Tracker exercise that will need to be carefully reviewed and updated as appropriate. <u>In particular</u>, please be sure your revised "Hill Description/Justification" is <u>suitable for sharing with the Hill</u>.
- Report on the House level for each of Discretionary Elimination and Reduction.

Thanks—and please contact Jenifer Karwoski or Latonda Raft if you have Tracker-related questions.



Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB **Sent:** Wednesday, July 25, 2018 5:49 PM

Subject: FY 2019 Appropriations: Homeland Security Appropriations - House Full Committee Press

Release

FYI—The House Appropriations Committee press release from today's Homeland Security mark-up is available at the following link:

https://appropriations.house.gov/news/documentsingle.aspx?DocumentID=395388. I will forward amendment text as soon as it is available (according to Committee rules, should be within 24 hours of adoption).

Thanks.

Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB **Sent:** Wednesday, July 25, 2018 9:25 AM

Subject: Happening Soon: FY 2019 Appropriations: Homeland Security Appropriations - House Full

Committee mark-up

Good morning all -

The House Homeland Security Appropriations bill Full Committee mark-up is scheduled for today at 10:00am.

If you are interested, the link to view the mark-up is below.

https://appropriations.house.gov/calendar/eventsingle.aspx?EventID=395386

Thanks.



Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB **Sent:** Tuesday, July 24, 2018 12:15 PM

Subject: FY 2019 Appropriations: Homeland Security Appropriations - House Draft Committee Report

All -

The House Appropriations Committee has released the FY 2019 Homeland Security Appropriations bill draft Committee report (AKA the Subcommittee report). It can be found here: https://docs.house.gov/meetings/AP/AP00/20180725/108623/HMKP-115-AP00-20180725-SD004.pdf. In addition, the House Appropriations Committee has posted a Full Committee draft bill (https://docs.house.gov/meetings/AP/AP00/20180725/108623/BILLS-115-SC-AP-FY2019-AP00-HomelandBill.pdf) that is dated the same day as the Subcommittee draft. Please assume there have been no changes from the Subcommittee draft; BRD will compare the documents and advise affected RMOs of any changes. The draft Committee report will also be posted to the MAX Community site: FY2019 Appropriations.

Once the bill passes Full Committee and amendments are received, a deadline will be set for updating Initial Reads for <u>both</u> report language and adopted amendments. This deadline will be no more than one business day from the availability of adopted amendments; therefore, please begin your review of report language.

Thanks!

Full Link to draft Committee report:

https://docs.house.gov/meetings/AP/AP00/20180725/108623/HMKP-115-AP00-20180725-SD004.pdf Full Link to Full Committee draft bill:

 $\frac{\text{https://docs.house.gov/meetings/AP/AP00/20180725/108623/BILLS-115-SC-AP-FY2019-AP00-Bounded and Bill.pdf}{\text{https://docs.house.gov/meetings/AP/AP00/20180725/108623/BILLS-115-SC-AP-FY2019-AP00-Bounded and Bill.pdf}{\text{https://docs.house.gov/meetings/AP/AP00/20180725/108623/BILLS-115-SC-AP-FY2019-AP00-Bounded and Bill.pdf}}$

Kimberley L Myers
Office of Management and Budget
Budget Review Branch
725 17th St. NW
Washington, DC 20503
(202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB **Sent:** Friday, July 20, 2018 5:42 PM

Subject: FY 2019 Appropriations: Homeland Security Appropriations - House Full Committee Mark-up -

Wednesday, July 25th @ 10am



Good afternoon -

The House Appropriations Committee has announced that it will mark-up the FY 2019 Homeland Security Appropriations bill on Wednesday, July 25th at 10am in Full Committee (https://docs.house.gov/meetings/AP/AP00/20180725/108623/HMKP-115-AP00-20180725-SD003.pdf). For those interested, the webcast for the mark-up should be available at: https://appropriations.house.gov/calendar/eventsingle.aspx?EventID=395386. We anticipate that the report language for the bill will be made available 24 hours in advance of the mark-up (Tuesday, July 24th).

For planning purposes only at this time -- this mark-up will trigger two deadlines, which I will confirm and explain further in subsequent e-mails:

- 1. Once the bill passes Full Committee and amendments are received, a deadline will be set for updating Initial Reads for <u>both</u> report language and adopted amendments. This deadline will be no more than one business day from the availability of adopted amendments; therefore, please begin your review of report language once the report is posted.
- 2. **2:00 p.m., Monday, July 30th**: Updates to the <u>2019 Tracker in MAX Collect</u> are due the third business day following House Full Committee passage. Alyssa Trinidad and Thierry Tchenko will be working with you to confirm these entries.

Feel free to contact me with any additional questions.

Thanks.

Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB **Sent:** Thursday, July 19, 2018 4:04 PM

Subject: FY 2019 Appropriations: Homeland Security Appropriations Bill - House Subcommittee Passage

The House Homeland Security Subcommittee bill has been referred to the Full Committee. The Full Committee mark-up has not yet been scheduled but we understand that it could be next Wednesday.

Thanks.

Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503



(202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB **Sent:** Thursday, July 19, 2018 9:23 AM

Subject: Happening Soon: FY 2019 Appropriations: Homeland Security Appropriations Bill - House

Subcommittee Mark-up

All -

As a reminder, the House subcommittee mark-up of the FY 2019 Homeland Security Appropriations bill is scheduled for <u>today at 9:30am</u>.

The webcast for the mark-up, for those interested, will be available at: https://appropriations.house.gov/calendar/eventsingle.aspx?EventID=395380.

Thanks.

Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB Sent: Wednesday, July 18, 2018 2:36 PM

Subject: FY 2019 Appropriations: Homeland Security Appropriations Bill – House Subcommittee Draft Bill

Press Release

FYI – the House Appropriations Committee press release on the Homeland Security Appropriations Subcommittee bill is available here:

https://appropriations.house.gov/news/documentsingle.aspx?DocumentID=395381

Thanks.



Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB

Sent: Wednesday, July 18, 2018 9:42 AM

To: DL OMB BRD BT HS NEOB Contacts (Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; DL OMB

BRD BT HS EEOB Contacts (Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; DL OMB BRD BT All Bills

Monitoring (Ex 6 - (5 U.S.C. Sec 552(b)(6)) >

Subject: Due 11am Friday, July 20 - FY 2019 Appropriations: Homeland Security Appropriations Bill
House Subcommittee Draft Bill - Initial-Reads

All-

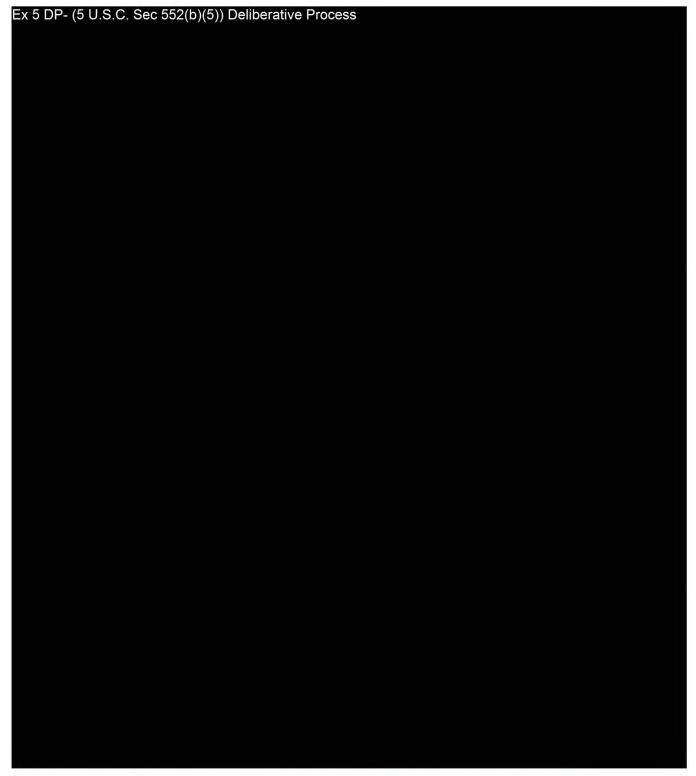
The House Appropriations Committee (HAC) has released the FY 2019 Homeland Security Subcommittee bill. It can be found here: https://appropriations.house.gov/uploadedfiles/homeland_sc_bill.pdf. It will also be posted to the MAX Community site: FY 2019 Appropriations. We do not expect to see report language for this bill until 24 hours before a Full Committee markup.

Initial-Reads

Initial-Reads are due on the bill by <u>11am Friday</u>, <u>July 20th</u>. Enter your Initial reads in the relevant <u>consolidated bill summary template</u> for the bill (e.g., "Homeland Security House Subcommittee Initial Reads" following the guidance included on the <u>Community</u>. Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) <u>Deliberative</u>







Full link to Bill text: https://appropriations.house.gov/uploadedfiles/homeland_sc_bill.pdf

Thanks—and let me know if there are questions.

Kimberley L Myers Office of Management and Budget Budget Review Branch



725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)

From: Myers, Kimberley L. EOP/OMB Sent: Monday, July 16, 2018 6:03 PM

To: DL OMB BRD BT HS NEOB Contacts < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; DL OMB

BRD BT HS EEOB Contacts < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >; [

>; DL OMB BRD BT All Bills

Monitoring Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: FY 2019 Appropriations: Homeland Security Appropriations Bill -- House Subcommittee Markup Scheduled - Thursday, July 19 @ 9:30am

AII-

The House Appropriations Committee has scheduled a Homeland Security Appropriations Bill Subcommittee mark-up on **Thursday**, **July 19**th **at 9:30am**. The draft bill is expected to be posted 24 hours prior to the mark-up. I will e-mail a link to the draft bill once it is posted. We do not expect to see report language for this bill until 24 hours before a Full Committee markup.

The link to the notice can be found here:

https://docs.house.gov/meetings/AP/AP15/20180719/108583/HMKP-115-AP15-20180719-SD001.pdf.

Initial-Reads

As per BDR 18-28, we will be collecting initial reads in the MAX Community. Ex 5 DP- (5 U.S.C. Sec Ex 5 DP- (5 U.S.C. Sec 552(b)(5)) Deliberative Process

Please let me know if you have questions.

Thank you

Kimberley L Myers Office of Management and Budget Budget Review Branch 725 17th St. NW Washington, DC 20503 (202) 395-7870 (direct)



AMENDMENTS ADOPTED TO THE HOMELAND SECURITY APPROPRIATIONS BILL FOR FY 2019

Full Committee Markup House Appropriations Committee Wednesday, July 25, 2018



Omend #1 offered

adopted VV

YODER #1

Committee on Appropriations
Subcommittee on Homeland Security

FY 2019 Department of Homeland Security Appropriations Bill Full Committee Markup

MANAGER'S AMENDMENT

Offered by Mr. Yoder of Kansas (Yoder #1)

In the BILL:

On page 2, line 15, strike "\$139,926,000" and insert "\$134,110,000".

On page 2, line 20, strike "\$845,528,000" and insert "\$842,712,000".

On page 3, line 19, strike "\$162,369,000" and insert "\$168,001,000".

On page 24, line 5, strike "3,356,525,000" and insert "\$3,359,525,000".

On page 25, line 6, strike "\$100,000,000" and insert "\$103,000,000".

On page 25, line 13, strike "\$4,000,000" and insert "\$7,000,000".

On page 32, line 21, strike "solely".

At the appropriate place in the bill, insert the following:

"SEC. __. None of the funds made available by this Act may be used to prevent a Member of the United States Congress from entering, for the purpose of conducting oversight, any facility in the United States used for purposes of detaining or otherwise housing foreign national minors, or to require Members of the United States Congress to coordinate through a Congressional entity for their



entry into, for the purpose of conducting oversight, any facility in the United States used for purposes of detaining or otherwise housing foreign national minors, or to make any temporary modification at any such facility that in any way alters what is observed by a visiting Member of the United States Congress, compared to what would be observed in the absence of such modification."

In the REPORT:

**

On page 4, after the third full paragraph, insert the following:

"The Committee directs the Secretary to ensure that persons detained by DHS are able to make phone calls, at no cost or at a reasonable, fair market cost, to include any state, local, territorial, tribal, or private entity who is detaining such persons per an agreement with DHS. All facilities should also allow detainees to access the ICE pro bono platform provided by ICE's phone provider that allows for free calls to courts, consulates, and free legal service providers."

On page 7, at the end of the third full paragraph, insert the following: "The Committee is aware that DHS is complying with U.S. District Court Instruction requiring the federal government to pay the costs of such communications, as well as the costs of family reunification."

On page 7, before the heading "Office of Policy", insert the following:

"The Committee directs the Department to report semiannually, beginning not later than 90 days after the date of enactment of this Act, on the activities of ICE and USCIS to implement the recommendations of OIG-16-130, including the incremental cost of those activities; FTE devoted to the effort; criteria and methodology for reviewing and making determinations on potential denaturalization cases; number of records reviewed; number of cases subject to indepth review for potential denaturalization, including whether such were cases investigated outside the scope of the recommendations of OIG-16-130, number of cases referred to the Justice Department for denaturalization proceedings, delineated by cases that were identified by the OIG for review and those that were not so identified; countries of origin of the individuals whose cases were subject to



in-depth review and for Justice Department referral; and a compilation of the infractions underlying referrals to the Justice Department."

On page 8, after the third paragraph under the heading "Office of Partnership and Engagement", insert the following:

"The Committee encourages interagency coordination between DHS and other agencies when developing school safety reports."

On page 15, strike the last sentence in the second full paragraph and insert the following:

"The increase above the request is for increased unannounced inspections of immigration detention facilities and CBP holding processing facilities. ICE shall continue to publish the results of detention facility inspections and other reports related to custody operations activities on its public website.

As the OIG continues to conduct unannounced inspections of detention facilities, the Committee encourages the OIG to pay particular attention to the health needs of detainees.

Within 30 days of the date of enactment of this Act, the Inspector General shall report to the Committee on the implementation of and any interagency coordination associated with the previous policy of separating migrant families, the Executive Order issued on June 20, 2018 entitled "Affording Congress an Opportunity to Address Family Separation," and efforts made to reunify families separated under the previous family separation policy."

On page 20, before the heading "Border Security Operations", insert the following:

"The Committee understands that it is CBP's policy that enforcement actions at sensitive locations – including but not limited to schools, healthcare facilities, places of worship, religious or civil ceremonies or observances, and public demonstrations – should generally be avoided, and require either prior approval from an appropriate supervisory official or exigent circumstances necessitating immediate action. The policy is intended to ensure that anyone seeking to participate in activities or utilize services provide at such locations are



free to do so without fear or hesitation. The Committee expects CBP to continue to follow this policy, which balances the requirement to enforce the law with the impacts that these actions may have on communities.

The Committee encourages the Department to utilize its authority to accept donations from the private sector, nongovernmental organizations, and other groups independent of the federal government, including medical goods and services, school supplies, toys, clothing, and any other items intended to promote the wellbeing of alien children in the custody of CBP.

To the extent practicable, and so long as it is appropriate and in the best interest of the children involved, in cases where U.S. Customs and Border Protection is responsible for the custody of siblings who are unaccompanied alien children (as defined in section 462(g)(2) of the Homeland Security Act of 2002 (6 U.S.C. 279(g)(2)), the Commissioner shall place such siblings in the same facility.

U.S. Border Patrol Sector Chiefs shall play a primary role in determining the type and location of all tactical infrastructure, such as physical barriers, roads, communication towers, surveillance towers, or other tactical infrastructure and technology to be deployed in their area of responsibility. The Committee encourages Sector Chiefs to consult State and local elected officials and other stakeholders during the decision making process.

The Committee commends the Department's efforts to help facilitate the development of common or complementary approaches with Mexico in areas of mutual, including facilitating the cross-border transit of low-risk cargo and passengers and combatting cross-border violence and criminal networks. The Committee encourages the Department, in cooperation with the Department of State, to continue these efforts with the new Mexican administration and to explore new opportunities for cooperation, such as through the establishment of a cross-border working group, and to report back to the Committee within 90 days of the date of enactment of this Act on progress made in this regard.

The Committee is concerned with reports that transnational criminal organizations may combine narcotics and humans in illicit smuggling attempts, thereby endangering the lives of individuals being smuggled. The Committee directs the Department to work with its federal law enforcement partners to ensure that the enforcement of anti-drug and anti-smuggling laws is carried out in a manner protective of human life and safety. In particular, DHS should work to prevent the passage of any vehicle through a checkpoint or port of entry for



purposes of a controlled delivery by another law enforcement agency if the vehicle may contain individuals being smuggled under unsafe conditions, such as the smuggling of one or more individuals in a confined or non-air conditioned space.

The Committee encourages CBP to explore the feasibility of allowing older firearms being cycled out of CBP inventories to be purchased by other law enforcement agencies, along with whether any additional authorities would be necessary for this approach, as a way of partially offsetting the costs of new, replacement firearms.

The Committee encourages CBP to collaborate with the Science and Technology Directorate to explore a demonstration of building-scale, direct potable water reuse capabilities for on-site sustainable water at CBP Forward Operating Bases (FOB). A deployable and easy-to-use on-site, wastewater treatment system that minimizes energy and water usage would improve the security of U.S. Border Patrol agents, while reducing costs and environmental impacts by avoiding the need to transport fresh water to the FOBs.

The Committee directs DHS to coordinate with the Department of Justice to facilitate the availability of courtroom space within immigration detention facilities along the U.S.-Mexico border to accommodate the appointment of additional immigration judges, as necessary to provide for a more timely adjudication of asylum claims and reduce the immigration court backlog while ensuring that due process is observed."

On page 22, in the first paragraph, strike the last sentence and insert the following:

"The Committee further directs CBP to develop strategies that will allow for more accurate CDSOA payments in the future."

On page 23, before the heading "Integrated Operations", insert the following:

"The Committee expects CBP to work with seaports, cruise vessel operators, and other stakeholders to determine the appropriate number of CBP officers that need to be deployed at seaports to properly and efficiently handle the clearance of cruise passengers."

On page 27, before the heading "Homeland Security Investigations", insert the following:



"The Committee directs ICE's Office of Detention Oversight to conduct unannounced inspections of all ICE family residential centers at least twice per year, with the results of each inspection promptly published on ICE's website.

The Committee directs the Department to make any form required to be signed by a detained person to be written in both English and Spanish."

On page 29, in the second full paragraph before the last sentence, insert: "The report shall also include details on the number of DACA recipients detained."

On page 32, at the end of the second full paragraph under the heading "Aviation Screening Operations", insert the following: "Not later than 60 days after the date of enactment of this Act, TSA shall brief the Committee on the feasibility of establishing a program through which the agency would develop standards and an approved vendor list of certified third party canine providers for use by TSA and trusted aviation stakeholders at passenger checkpoints and passenger baggage screening.

The Committee directs that TSA provide a report not later than 60 days after the date of enactment of this Act on the agency's plans for identifying 3D-printed guns at passenger screening checkpoints.

The Committee directs that TSA coordinate with ICE to facilitate the passenger screening of parents who lack valid identification documents and are attempting to reunite with their children through use of the Identity Verification Call Center."

On page 34, after the first full paragraph, insert the following:

"As recommended by the Aviation Security Advisory Committee in 2015, TSA is encouraged to assess the benefits of establishing an air cargo security division within the agency that is responsible for carrying out all policy related to air cargo and providing stakeholders with a central interface at the agency on all matters related to air cargo security."

On page 37, before the heading "Procurement, Construction, and Improvements", insert the following:



"The Committee recognizes the Coast Guard Academy's current efforts to recruit and retain a diverse and highly qualified Corps through programs like Eclipse Week, and encourages further expansion of these efforts, particularly through implementing the recommendations of the 2017 Equity Scorecard.

The Committee urges the Coast Guard to expand existing Partnership in Education programs, and use up to \$1,000,000 of the funds provided to help buildout efforts in cooperation with museums, schools, and other nontraditional classroom settings and on limnology and oceanographic programs that support Science, Technology, Engineering, and Mathematics education through regional headquarters, and consider expanding these programs with minority-serving institutions.

The Committee reminds the Coast Guard of its finding that the location of the Maryland Wind Energy Area poses "unacceptable navigational safety risks". The Committee urges the Coast Guard to take any and all steps to ensure the navigational safety for maritime traffic off the coast of Maryland, including but not limited to the designation of fairways and traffic separation schemes identified as priorities in the Coast Guard Atlantic Coast Port Access Route Study."

On page 46, after the first full paragraph, insert the following:

"Given that elections infrastructure – election and voting systems, products, and service vendors and related supply-chain participants – have been designated as part of the nation's critical infrastructure, DHS has a significant role in assisting state and local election officials as they prepare for federal elections. The Committee appreciates that DHS is working to provide that assistance and that there is an ongoing OIG investigation to examine the status of that work. To aid the Committee in its oversight function, the GAO shall examine how DHS is implementing its key responsibilities in overseeing protection of the elections critical infrastructure subsector and the reported benefits and challenges of such efforts."

On page 46, at the beginning of the second full paragraph, strike "Further, t" and insert "T".



On page 54, after the first full paragraph, insert the following:

"In addition to its "natural valley" method for analyzing and mapping flood hazards, for coastal areas, FEMA should consider an approach, including dynamic, two-dimensional modeling or methods, that would be technically sound, credible, and cost-effective, and that would provide results that more precisely reflect the flood risk in coastal areas impacted by levees."

On page 55, before the heading "National Flood Insurance Fund," insert the following:

"The Committee notes the release of the 2017 Hurricane Season FEMA After-Action Report and remains concerned about the response to Hurricane Maria in Puerto Rico. Within 90 days of the date of enactment of this Act, the Committee directs the OIG to review the response and recovery effort to Hurricane Maria. The OIG shall make recommendations for improvements in the future including improvements to FEMA's response to appeals for housing assistance resulting in increasing the number of persons in need receiving assistance.

As noted in the 2017 Hurricane Season FEMA After-Action Report, FEMA faced staffing shortages and logistical challenges in the tracking, moving, and delivery of resources to Puerto Rico and the U.S. Virgin Islands during the lead up and response to Hurricanes Maria and Irma. These challenges were in part due to response plans that were at least five years old for both locations. The Committee directs FEMA to work with states and territories to more frequently update response plans, make the necessary revisions to the National Response Framework and the Response Federal Interagency Operational Plan, and report back to the Committee within 90 days of the date of enactment of this Act on its progress. FEMA is further directed to brief the Committee on its disaster workforce review, as recommended in the 2017 Hurricane Season After-Action, to include incident management, incident support, and mission essential functions.

Within 90 days of the date of enactment of this Act, the Inspector General shall conduct an audit of contracts subject to FEMA reimbursement for the removal of debris resulting from Hurricane Irma, and shall report to the Committee on the results of such audit, including a determination of whether the services could have been provided at lower taxpayer cost."



On page 56, in the third paragraph, strike "solely".

On page 56, in the table under the heading "U.S. Citizenship and Immigration Services", strike "132,919,000" and insert "131,919,000".

On page 62, strike the last paragraph and insert the following instead:

"The Committee is pleased that S&T has been engaged in a three-year binational research and development pilot. The recommendation includes \$2,000,000 for continuation of this pilot. The pilot should continue its focus on border security, maritime security, biometrics, cybersecurity, and video analytics among other topics. Within 180 days of the enactment of this act, S&T shall provide a report to the Committee on the results of each grant awarded through the pilot and on any commercialization or transition to practice that has resulted from the pilot's projects."



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AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY Mr. AGUILAR OF CALIFORNIA AND

Aguilar #1

At the end of the bill (before the spending reduction account), insert the following:

MR. AMODEI OF NEVADA

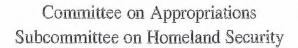
- 1 Sec. ____. None of the funds made available by
- 2 this Act may be used to place in detention, remove, refer
- 3 for removal, or initiate removal proceedings against, non-
- 4 citizen veterans or active duty service members who were
- 5 approved by the Secretary of Homeland Security to par-
- 6 ticipate in the Deferred Action for Childhood Arrivals ini-
- 7 tiative described in the June 15, 2012, memorandum enti-
- 8 tled "Exercising Prosecutorial Discretion with Respect to
- 9 Individuals Who Came to the United States as Children",
- 10 except that this section shall not apply with respect to an
- 11 individual who no longer qualifies for deferred action
- 12 under the conditions on the grant of deferred action estab-
- 13 lished under such initiative.



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amond #3 / ferest





FY 2019 Department of Homeland Security Appropriations Bill Full Committee Markup

Offered by Mr. Yoder of Kansas and Mrs. Roybal-Allard of California

In the REPORT:

Insert on page 4 of the report before the paragraph that begins "The security of our borders...."

"The United States is a nation of immigrants that values diversity and welcomes those in need. We also have an obligation to enforce the laws that protect the integrity of our borders, along with those that grant asylum to people found eligible. We cannot help every foreign national who may want or deserve it, but all individuals and families who come to our borders, including those who cross them illegally, deserve to be treated humanely and with respect while in the custody of the Department of Homeland Security. The Committee has included direction throughout this report to address these issues."

On page 7 insert the following sentence at the beginning of the paragraph that starts "DHS is directed to ensure"

"The Department shall only separate a child from a parent if the parent has a criminal history, a communicable disease, or is determined to be unfit or a danger to the child."

On page 16 of the Committee Report, replace the paragraph in the report beginning with "The Committee understands CBP" with:

"The Committee understands CBP is currently developing plans to provide medical and mental health screening, triage, and referral services by specialized personnel to support unaccompanied children in USBP custody in high volume southwest border locations, and recommends an additional \$3,700,000 to continue this effort. The Committee is also concerned by the trauma experienced by children and their relatives, including parents, aunts, uncles, and grandparents, who have entered the United States fleeing violence, and makes available \$3,000,000 to provide on-site mental health services for children and their families at CBP



facilities in southwest border locations, along with mental health training to officers and other personnel by mental health professionals specializing in trauma treatment."

On page 26 of the Committee Report, under the heading "Operations," insert the following language:

"The Committee is concerned by the trauma that has been suffered by children and their relatives, including parents, aunts, uncles, and grandparents, entering into the United States, many of whom are fleeing violence. The Committee provides \$3,000,000 to provide on-site mental health services for children and their families and mental health training to officers and staff by mental health professionals specializing in trauma treatment at ICE detention facilities."

Replace the paragraph on page 28 of the report beginning with "pending an elimination of the current legal limit" with

"The Committee recommends an increase of \$35,000,000 above the budget request for the ATD program, and directs ICE to prioritize ATD participation for vulnerable populations, including families. Within the total, \$28,000,000 shall be for additional capacity in the current ATD program and \$7,000,000 shall be for the first year of a five-year family case management pilot program (FCMP) that leverages holistic case management strategies to improve participant compliance with immigration court adjudication obligations. The pilot shall include an annual average of not fewer than 1,000 head of household participants. ICE should use lessons learned from the February 2018 Family Case Management Close-out Report to inform the design and implementation of this new pilot, and shall brief the Committee prior to initiating the pilot.

Funding provided under Custody Operations supports the hiring of additional personnel, including personnel to help manage the increased number of ATD participants and participants in the FCMP.

The Committee directs GAO to provide to the Committee an annual review of the FCMP pilot, with a particular focus on the design, implementation, performance, and costs of the pilot when compared to a "control population" of ATD participants that receive traditional case management support. ICE is strongly encouraged to consult with GAO on best practices for the design, implementation, and evaluation of pilot programs prior to the initiation of this pilot.

Additionally, ICE is directed to work with the Department of Justice to better prioritize the adjudication of the cases of families, such as enrolling families on ATD, including the FCMP, onto the detained docket, which should ensure that their cases would be heard just as quickly as if they were in detention. While the immigration adjudication process for families enrolled in ATD has historically taken years, the process could be significantly shortened if the immigration courts were to make the adjudication of family cases a top priority."



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AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY MR. ADERHOLT OF ALABAMA

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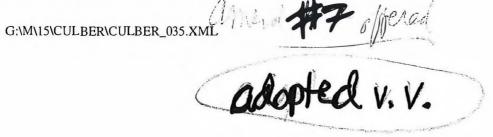
At the end of the bill (before the spending reduction account), insert the following:

- 1 SEC. (a) None of the funds made available
- 2 by this Act for "U.S. Immigration and Customs Enforce-
- 3 ment" may be used to pay for an abortion, except where
- 4 the life of the mother would be endangered if the fetus
- 5 were carried to term, or in the case of rape or incest, ex-
- 6 cept that, if this limitation is held to be unconstitutional
- 7 by a court of competent jurisdiction, this subsection shall
- 8 be null and void and the remainder of this Act shall not
- 9 be affected.
- 10 (b) None of the funds made available by this Act for
- 11 "U.S. Immigration and Customs Enforcement" may be
- 12 used to require any person to perform, or facilitate in any
- 13 way the performance of, any abortion.



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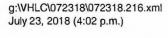
AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL

OFFERED BY MR. CULBERSON OF TEXAS

At the appropriate place in the bill, insert the following:

CONSIDERATION OF INCOME
Sec Section 408 of the Robert T. Stafford
Disaster Relief and Emergency Assistance Act (42 U.S.C.
5174) is amended by adding at the end the following:
"(k) Prohibition.—
"(1) IN GENERAL.—Notwithstanding any other
provision of this section, the President shall not con-
sider the income of an individual or household in de-
termining whether to provide, or continue to provide,
to that individual or household rental assistance
under this section.
"(2) Applicability.—Paragraph (1) shall
apply with respect to major disasters declared on or
after January 1, 2017.".

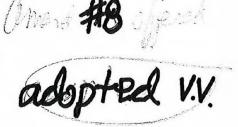




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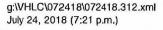


AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY MS. LEE OF CALIFORNIA

At the end of title V, before the spending reductions account, insert the following:

- 1 Sec. _____. (a) Notwithstanding any other provi-
- 2 sion of law, in the case of an individual eligible to receive
- 3 unemployment assistance under section 410(a) of the Rob-
- 4 ert T. Stafford Disaster Relief and Emergency Assistance
- 5 Act (42 U.S.C. 5177(a)) as a result of a disaster declara-
- 6 tion made for Hurricane Irma and Hurricane Maria in
- 7 the Commonwealth of Puerto Rico and the United States
- 8 Virgin Islands, the President shall make such assistance
- 9 available for the one-year period beginning on the date of
- 10 the applicable disaster declaration. (b) Subsection (a) shall
- 11 be effective as if enacted on the date of the disaster dec-
- 12 laration under such Act for Hurricane Irma and Hurri-
- 13 cane Maria. (c) No additional funds are authorized to
- 14 carry out the requirements of this section.





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NEWHOUSE AND CUELLAR



AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL

OFFERED BY MR. NEWHOUSE OF WASHINGTON

At the appropriate place in title V insert the following:

- 1 Sec. ____. In fiscal year 2019, nonimmigrants
- 2 shall be admitted to the United States under section
- 3 101(a)(15)(H)(ii)(a) of the Immigration and Nationality
- 4 Act (8 U.S.C. 1101(a)(15)(H)(ii)(a)) to perform agricul-
- 5 tural labor or services, without regard to whether such
- 6 labor is, or services are, of a temporary or seasonal nature.



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AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY Mr. HARRIS OF MARYLAND

Page 2, line 15, reduce the first dollar amount by \$6,000,000.

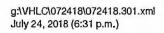
At the appropriate place in the bill, insert the following:

- 1 SEC. _____. (a) Section 214(g)(9)(A) of the Immigra-
- 2 tion and Nationality Act (8 U.S.C. 1184(g)(9)(A)) is
- 3 amended by striking "who has already been counted to-
- 4 ward the numerical limitation of paragraph (1)(B) during
- 5 fiscal year 2013, 2014, or 2015 shall not again be counted
- 6 toward such limitation during fiscal year 2016." and in-
- 7 serting "shall not be counted toward the numerical limita-
- 8 tion of paragraph (1)(B) for a fiscal year if that alien al-
- 9 ready has been counted toward such limitation during one
- 10 or both of the 2 fiscal years immediately preceding that
- 11 fiscal year.".
- 12 (b) Section 214(g)(10) of the Immigration and Na-
- 13 tionality Act (8 U.S.C. 1184(g)(10)) is amended to read
- 14 as follows:

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1	"(10)(A) Subject to subparagraphs (B) through (D),
2	the numerical limitation of paragraph (1)(B) shall be allo-
3	cated for a fiscal year so that the total number of aliens
4	subject to such numerical limitation who enter the United
5	States pursuant to a visa, or otherwise are accorded non-
6	immigrant status, under section 101(a)(15)(H)(ii)(b) dur-
7	ing—
8	"(i) the first quarter of such fiscal year is not
9	more than 9,900;
10	"(ii) the second quarter of such fiscal year is
11	not more than 26,400, plus any number not used
12	under clause (i);
13	"(iii) the third quarter of such fiscal year is not
14	more than 26,400, plus any number not used under
15	clauses (i) and (ii); and
16	"(iv) the fourth quarter of such fiscal year is
17	not more than 3,300, plus any number not used
18	under clauses (i) through (iii).
19	"(B) Notwithstanding subparagraph (A), the Sec-
20	retary of Homeland Security, after making a determina-
21	tion based on demand from previous fiscal years that a
22	change in the allocations under such subparagraph is nec-
23	essary and appropriate, may modify such allocations.
24	"(C) With respect to each quarter of a fiscal year,
25	the Secretary of Labor shall accent applications for tem-





1	porary labor certification in support of petitions for non-
2	immigrants described in section 101(a)(15)(H)(ii)(b) only
3	during a one-week period to be selected by such Secretary,
4	and shall not finally approve any of such applications dur-
5	ing any such week.
6	"(D) With respect to each quarter of a fiscal year,
7	the Secretary of Labor shall approve temporary labor cer-
8	tifications in support of petitions for nonimmigrants de-
9	scribed in section 101(a)(15)(H)(ii)(b) in a manner that
10	will result in all employers that have timely submitted an
11	approvable application being able to fill an equal (or ap-
12	proximately equal) percentage of the number of requested
13	positions.".
14	(c) Section 214(c)(14)(C) of the Immigration and
15	Nationality Act (8 U.S.C. $1184(c)(14)(C)$) is amended to
16	read as follows:
17	"(C) In determining the level of penalties to be as-
18	sessed under subparagraph (A), the highest penalties shall
19	be reserved for—
20	"(i) willful failures to meet any of the condi-
21	tions of the petition that involve harm to United
22	States workers; and
23	"(ii) willful misrepresentations of the number of
24	necessary nonimmigrants in an application for tem-
25	porary labor certification in support of a petition for

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4

- 1 nonimmigrants described in section
- 2 101(a)(15)(H)(ii)(b).".

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KILMER AMENDMENT #2

AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL

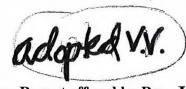
OFFERED BY MR. KILMER OF WASHINGTON

At the appropriate place in the bill insert the following new section:

Sec. ____ - None of the funds made available to the Department of Homeland Security by this or any other Act may be used to deny, or otherwise affect, the right of American Indians born in Canada or the United States to pass the borders of the United States in accordance with 8 U.S.C. § 1359, with such right extending to persons who possess at least 50 per centum of blood of the American Indian race or who are members, or eligible to be members, of a Federally recognized Indian tribe in the United States or Canada.



armind #13 offered



Amendment to the Homeland Security Appropriations Report offered by Rep. John Moolenaar (MI-04).

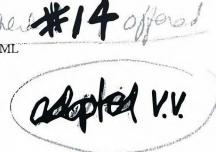
On Page 27 of the report, before the heading "Homeland Security Investigations" insert the following:

The Committee notes with concern the detention of members of religious minorities from Iraq, particularly the Iraqi Chaldean Christian community, by Immigration and Customs Enforcement for possible deportation. Congress and the Department of State have recognized that a genocide has been committed against Chaldeans and other religious minorities in Iraq. The Committee recommends that ICE refrain from prioritizing the deportation of people who will be subject to violent persecution and death in their countries of origin.





Wasserman Schultz



AMENDMENT TO DEPARTMENT OF HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY MS. WASSERMAN SCHULTZ OF **FLORIDA**

At the appropriate place in the bill, insert the following:

1	SEC STATUTE OF LIMITATIONS.
2	(a) IN GENERAL.—Section 705 of the Robert T.
3	Stafford Disaster Relief and Emergency Assistance Act
4	(42 U.S.C. 5205) is amended—
5	(1) in subsection (a)(1)—
6	(A) by striking "Except" and inserting
7	"Notwithstanding section 3716(e) of title 31,
8	United States Code, and except"; and
9	(B) by striking "report for the disaster or
10	emergency" and inserting "report for project
11	completion as certified by the grantee"; and
12	(2) in subsection (b)—
13	(A) in paragraph (1) by striking "report
14	for the disaster or emergency" and inserting
15	"report for project completion as certified by
16	the grantee'': and

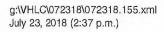
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1	(B) in paragraph (3) by inserting "for
2	project completion as certified by the grantee"
3	after "final expenditure report".
4	(b) Applicability.—
5	(1) IN GENERAL.—With respect to disaster or
6	emergency assistance provided to a State or local
7	government on or after January 1, 2004—
8	(A) no administrative action may be taken
9	to recover a payment of such assistance after
10	the date of enactment of this Act if the action
11	is prohibited under section 705(a)(1) of the
12	Robert T. Stafford Disaster Relief and Emer-
13	gency Assistance Act (42 U.S.C. 5205(a)(1));
14	and
15	(B) any administrative action to recover a
16	payment of such assistance that is pending on
17	such date of enactment shall be terminated if
18	the action is prohibited under section 705(a)(1)
19	of such Act.
20	(2) LIMITATION.—This section and the amend-
21	ments made by this section, may not be construed
22	to invalidate or otherwise affect any administration
23	action completed before the date of enactment of
24	this Act.
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adopted V.V.

AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY MR. YODER OF KANSAS

Page 22, after line 9, insert the following:.

- SEC. 222. For an additional amount for "Coast 1
- Guard—Operations and Support", \$1,000,000 for Coast
- Guard operating funds and unit level maintenance for de-
- 4 ferred maintenance.

Page 51, after line 19, insert the following:

- NUMERICAL LIMITATION TO ANY SINGLE FOREIGN STATE 6 SEC. ____. (a) IN GENERAL.—Section 202(a)(2) of
- Immigration and Nationality Act (8)
- 1152(a)(2)) is amended—
- 9 (1) in the paragraph heading, by striking "AND
- 10 EMPLOYMENT-BASED";
- (2) by striking "(3), (4), and (5)," and insert-11
- ing "(3) and (4),"; 12
- (3) by striking "subsections (a) and (b) of sec-13
- tion 203" and inserting "section 203(a)"; 14
- (4) by striking "7" and inserting "15"; and 15
- 16 (5) by striking "such subsections" and inserting
- "such section". 17

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1	(b) CONFORMING AMENDMENTS.—Section 202 of the
2	Immigration and Nationality Act (8 U.S.C. 1152) is
3	amended—
4	(1) in subsection (a)(3), by striking "both sub-
5	sections (a) and (b) of section 203" and inserting
6	"section 203(a)";
7	(2) by striking subsection (a)(5); and
8	(3) by amending subsection (e) to read as fol-
9	lows:
10	"(e) Special Rules for Countries at Ceiling.—
11	If it is determined that the total number of immigrant
12	visas made available under section 203(a) to natives of
13	any single foreign state or dependent area will exceed the
14	numerical limitation specified in subsection (a)(2) in any
15	fiscal year, in determining the allotment of immigrant visa
16	numbers to natives under section 203(a), visa numbers
17	with respect to natives of that state or area shall be allo-
18	cated (to the extent practicable and otherwise consistent
19	with this section and section 203) in a manner so that,
20	except as provided in subsection (a)(4), the proportion of
21	the visa numbers made available under each of paragraphs
22	(1) through (4) of section 203(a) is equal to the ratio of
23	the total number of visas made available under the respec-
24	tive paragraph to the total number of visas made available
25	under section 203(a).".

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1	(c) COUNTRY-SPECIFIC OFFSET.—Section 2 of the
2	Chinese Student Protection Act of 1992 (8 U.S.C. 1255
3	note) is amended—
4	(1) in subsection (a), by striking "subsection
5	(e))" and inserting "subsection (d))"; and
6	(2) by striking subsection (d) and redesignating
7	subsection (e) as subsection (d).
8	(d) Effective Date.—The amendments made by
9	this section shall take effect as if enacted on September
10	30, 2018, and shall apply to fiscal years beginning with
11	fiscal year 2019.
12	(e) Transition Rules for Employment-Based
13	Immigrants.—
14	(1) In general.—Subject to the succeeding
15	paragraphs of this subsection and notwithstanding
16	title II of the Immigration and Nationality Act (8
17	U.S.C. 1151 et seq.), the following rules shall apply:
18	(A) For fiscal year 2019, 15 percent of the
19	immigrant visas made available under each of
20	paragraphs (2) and (3) of section 203(b) of
21	such Act (8 U.S.C. 1153(b)) shall be allotted to
22	immigrants who are natives of a foreign state
23	or dependent area that was not one of the two
2.4	states with the largest appreciate numbers of

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1	natives obtaining immigrant visas during fiscal
2	year 2011 under such paragraphs.
3	(B) For fiscal year 2020, 10 percent of the
4	immigrant visas made available under each of
5	such paragraphs shall be allotted to immigrants
6	who are natives of a foreign state or dependent
7	area that was not one of the two states with the
8	largest aggregate numbers of natives obtaining
9	immigrant visas during fiscal year 2012 under
10	such paragraphs.
11	(C) For fiscal year 2021, 10 percent of the
12	immigrant visas made available under each of
13	such paragraphs shall be allotted to immigrants
14	who are natives of a foreign state or dependent
15	area that was not one of the two states with the
16	largest aggregate numbers of natives obtaining
17	immigrant visas during fiscal year 2015 under
18	such paragraphs.
19	(2) Per-country Levels.—
20	(A) RESERVED VISAS.—With respect to
21	the visas reserved under each of subparagraphs
22	(A) through (C) of paragraph (1), the number
23	of such visas made available to natives of any
24	single foreign state or dependent area in the ap-
25	propriate fiscal year may not exceed 25 percent

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1	(in the case of a single foreign state) or 2 per-
2	cent (in the case of a dependent area) of the
3	total number of such visas.
4	(B) UNRESERVED VISAS.—With respect to
5	the immigrant visas made available under each
6	of paragraphs (2) and (3) of section 203(b) of
7	such Act (8 U.S.C. 1153(b)) and not reserved
8	under paragraph (1), for each of fiscal years
9	2019, 2020, and 2021, not more than 85 per-
10	cent shall be allotted to immigrants who are na-
11	tives of any single foreign state.
12	(3) Special rule to prevent unused
13	VISAS.—If, with respect to fiscal year 2019, 2020, or
14	2021, the operation of paragraphs (1) and (2) of
15	this subsection would prevent the total number of
16	immigrant visas made available under paragraph (2)
17	or (3) of section 203(b) of such Act (8 U.S.C.
18	1153(b)) from being issued, such visas may be
19	issued during the remainder of such fiscal year with-
20	out regard to paragraphs (1) and (2) of this sub-
21	section.
22	(4) Rules for Chargeability.—Section
23	202(b) of such Act (8 U.S.C. 1152(b)) shall apply



(70404814)

6

- 1 in determining the foreign state to which an alien is
- 2 chargeable for purposes of this subsection.



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AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY MR. PALAZZO OF MISSISSIPPI

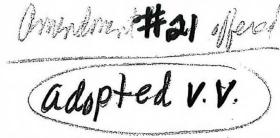
Page 11, line 5, before the period insert ", and in addition \$95,000,000 for the procurement of Long Lead Time Materials for a twelfth National Security Cutter, which shall be derived by transfer from unobligated balances from prior-year appropriations available under the heading 'Science and Technology Directorate Research and Development'".



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(70394311)





AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL

OFFERED BY MR. CULBERSON OF TEXAS

At the end of the bill (before the spending reduction account), insert the following:

1	Sec No funds or fees made available to the
2	Secretary of Homeland Security, or to the head of any
3	other Federal agency, by this Act or any other Act may
4	be used to release from Federal custody, other than for
5	removal from the United States, any lawfully detained
6	alien—
7	(1) who has engaged in or suspected of ter-
8	rorism or espionage, or who otherwise poses a dan-
9	ger to national security;
10	(2) who has been convicted of an offense for
11	which an element was active participation in a crimi-
12	nal street gang, as defined in section 521(a) of title
13	18, United States Code, or aliens not younger than
14	16 years of age who intentionally participated in an
15	organized criminal gang to further the illegal activity
16	of that gang;
17	(3) who has been convicted of an aggravated
18	felony, as defined in section 101(a)(43) of the Immi-

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1	gration and Nationality Act (8 U.S.C. 1101(a)(43))
2	at the time of conviction;
3	(4) who has been convicted of three or more
4	misdemeanor offenses arising out of not less than 3
5	separate incidents, other than minor traffic offenses
6	or State or local offenses for which an essential ele-
7	ment was the alien's immigration status; or
8	(5) who has been convicted of a misdemeanor
9	which is an offense of domestic violence, sexual
10	abuse or exploitation, burglary, unlawful possession
11	or use of a firearm, drug distribution or trafficking,
12	driving under the influence, or any other mis-
13	demeanor offense for which the individual was sen-
14	tenced to a term of imprisonment of 90 days or
15	more (not including a suspended sentence).





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Price #1



AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY MR. PRICE OF NORTH CAROLINA

At the end of the bill (before the spending reduction account), insert the following:

- 1 SEC. None of the funds, resources, or fees
- 2 made available to the Secretary of Homeland Security, or
- 3 to any other official of a Federal agency, by this Act or
- 4 any other Act for any fiscal year, including any deposits
- 5 into the "Immigration Examinations Fee Account" estab-
- 6 lished under section 286(m) of the Immigration and Na-
- 7 tionality Act (8 U.S.C. 1356(m)), may be used to imple-
- 8 ment, administer, enforce, or carry out (including through
- 9 the issuance of any regulations) any of the policy changes
- 10 set forth in U.S. Citizenship and Immigration Services
- 11 Policy Memo 602-0162, dated July 11, 2018, or the
- 12 memorandum from the Principal Legal Advisor on Liti-
- 13 gating Domestic Violence-Based Persecution Claims Fol-
- 14 lowing Matter of A-B-, dated July 11, 2018.





(70385413)



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#1

AMENDMENT TO HOMELAND SECURITY APPROPRIATIONS BIL

OFFERED BY Ms. CLARK OF MASSACHUSETTS AND Ms. LEE OF CALIFORNIA

At the end of the bill (before the spending reduction account), insert the following:

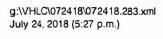
1	SEC (a) Except as provided in subsection
2	(b), none of the funds made available in this Act may be
3	used to place restraints on a woman in the custody of the
4	Department of Homeland Security (including during
5	transport, in a detention facility, or at an outside medical
6	facility) who is pregnant or in post-delivery recuperation.
7	(b) Subsection (a) shall not apply with respect to a
8	pregnant woman if—
9	(1) an appropriate official of the Department of
10	Homeland Security makes an individualized deter-
11	mination that the woman—
12	(Λ) is a serious flight risk, and such risk
13	cannot be prevented by other means; or
14	(B) poses an immediate and serious threat
15	to harm herself or others that cannot be pre-
16	vented by other means; or

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1	(2) a medical professional responsible for the
2	care of the pregnant woman determines that the use
3	of therapeutic restraints is appropriate for the med-
4	ical safety of the woman.
5	(c) Should a pregnant woman be restrained pursuant
6	to subsection (b), only the safest and least restrictive re-
7	straints, as determined by the appropriate medical profes-
8	sional treating the woman, may be used. In no case may
9	restraints be used on a woman who is in active labor or
0	delivery, and in no case may a pregnant woman be re-
11	strained in a face-down position with four-point restraints,
12	on her back, or in a restraint belt that constricts the area
13	of the pregnancy. A pregnant woman who is immobilized
14	by restraints shall be positioned, to the maximum extent
15	feasible, on her left side.





(70401312)



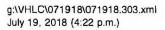




AMENDMENT TO THE HOMELAND SECURITY APPROPRIATIONS BILL OFFERED BY Ms. CLARK OF MASSACHUSETTS

Add at the end (before the spending reduction account) the following:

1	LIMITATION
2	SEC None of the funds made available by this
3	Act may be used to destroy any document, recording, or
4	any other record pertaining to any potential sexual assault
5	or abuse perpetrated against any individual held in the
6	custody of the Department of Homeland Security.
	∇



(70340013)



amord #33

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Aguilar #2

AMENDMENT TO HOMELAND SECURITY

APPROPRIATIONS BILL

OFFERED BY MR. AGUILAR OF CALIFORNIA

At the end of the bill (before the spending reduction account), insert the following:

- 1 Sec. . None of the funds made available by
- 2 this Act may be used to place in detention, remove, refer
- 3 for removal, or initiate removal proceedings against, indi-
- 4 viduals who were approved by the Secretary of Homeland
- 5 Security to participate in the Deferred Action for Child-
- 6 hood Arrivals initiative, as delineated in the June 15,
- 7 2012, memorandum entitled "Exercising Prosecutorial
- 8 Discretion with Respect to Individuals Who Came to the
- 9 United States as Children", or individuals granted tem-
- 10 porary protected status under section 244 of the Immigra-
- 11 tion and Nationality Act (8 U.S.C. 1254a), except that
- 12 this section shall not apply with respect to an individual
- 13 who no longer qualifies either for deferred action under
- 14 the Deferred Action for Childhood Arrivals initiative or
- 15 temporary protected status under section 244 of the Im-
- 16 migration and Nationality Act.



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(70404211)



Fwd: Transcript from Hearing on 19 July 2018 -- Nominations

"Kraninger, Kathleen L. EOP/OMB" <"/o=exchange organization/ou=exchange

From: administrative group

(fydibohf23spdlt)/cn=recipients/cn=e0c396f5863f439488857e3f2be0a60b-kr">

To: Ex 6 - (5 @yahoo.com

Date: Sat, 28 Jul 2018 09:56:26 -0400

Attachments

19 July 2018.pdf (2.06 MB)

Sent from my iPhone

Begin forwarded message:

From: "Slemrod, Jonathan A. EOP/OMB" < Ex 6 - (5 U.S.C. Sec 552(b)(6)) >

Date: July 24, 2018 at 10:30:08 AM EDT

To: "Kraninger, Kathleen L. EOP/OMB" < Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: FW: Transcript from Hearing on 19 July 2018 -- Nominations

From: Slemrod, Jonathan (CFPB) Ex 6 - (5 U.S.C. Sec

Sent: Tuesday, July 24, 2018 10:29 AM

To: Slemrod, Jonathan A. EOP/OMB Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: Fwd: Transcript from Hearing on 19 July 2018 -- Nominations

From: Crowell, Jim (Banking) Ex 6 - (5 U.S.C. Sec 552(b)(6))

Date: July 24, 2018 at 10:24:40 AM EDT

To: Slemrod, Jonathan (CFPB) Ex 6 - (5 U.S.C. Sec

Ex 6 - (5 U.S.C. Sec

Subject: Transcript from Hearing on 19 July 2018 -- Nominations

United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS



DEAR WITNESS:

Attached is a transcript of your remarks given before this Committee. You may make edits for the purpose of correcting transcription, factual errors, and grammar. Clarifying changes will be accepted if they do not materially change the original content of the statement.

Edits can be made as electronic comments on the PDF. If returning the transcript via fax or mail, please ensure corrections are distinct and legible.

Return edited pages only from the hearing transcript by AUGUST 24, 2018.

Jim Crowell Editor Committee on Banking, Housing, and Urban Affairs 202.224.1579 Fax: 202.228.0017



1	HEARING ON PENDING NOMINATIONS
2	
3	THURSDAY, JULY 19, 2018
4	United States Senate,
5	Committee on Banking, Housing, and Urban Affairs,
6	Washington, D.C.
7	The Committee met, pursuant to notice, at 10:05 a.m.,
8	in Room SD-538, Dirksen Senate Office Building, Hon. Mike
9	Crapo, Chairman of the Committee, presiding.
10	Present: Senators Crapo, Corker, Toomey, Heller,
11	Sasse, Cotton, Rounds, Perdue, Tillis, Moran, Brown, Reed,
12	Menendez, Tester, Warner, Warren, Heitkamp, Donnelly,
13	Schatz, Van Hollen, Cortez Masto, and Jones.
14	OPENING STATEMENT OF CHAIRMAN CRAPO
15	Chairman Crapo. This hearing will come to order.
16	This morning we will consider the nomination of two
17	individuals to serve in critical leadership roles within the
18	administration. I welcome both of you, and congratulations
19	on your nominations to these important offices. I see
20	friends and family here together with you today, and I
21	welcome them as well.
22	The nominees before us are Kathy Kraninger, to be the
23	Director of the Bureau of Consumer Financial Protection, and
24	Kimberly Reed, to be the President of the Export-Import Bank
25	of the United States.



- 1 These positions are critically important to protecting
- 2 consumers in the consumer financial products and services
- 3 marketplace and facilitating global trade of U.S. goods and
- 4 services. These nominees bring years of valuable experience
- 5 at nonprofits and in public service and will provide valued
- 6 leadership in carrying out the missions of their agencies.
- 7 Ms. Kraninger has had a distinguished career in public
- 8 service with exposure to a diverse set of Federal agencies,
- 9 as well as developing a particular expertise in the budget
- 10 and appropriations processes.
- 11 Since March 2017, Ms. Kraninger has served as Associate
- 12 Director for General Government at the Office of Management
- 13 and Budget where she oversees and monitors approximately
- 14 \$250 billion in budgetary resources for numerous Cabinet
- 15 departments and Federal agencies.
- 16 She has also served as OMB's principal policy official
- 17 for issues related to the Treasury Department, Department of
- 18 Housing and Urban Development, and Federal financial
- 19 regulators.
- 20 Prior to joining OMB, she held leadership positions at
- 21 the Department of Transportation and the Department of
- 22 Homeland Security, as well as serving on the staff of
- 23 several congressional committees.
- Given her depth and diversity of public service
- 25 experience, I have the utmost confidence that she is well



- 1 prepared to lead the Bureau in enforcing Federal consumer
- 2 financial laws and protecting consumers in the financial
- 3 marketplace.
- 4 Ms. Reed was considered by this Committee last year as
- 5 the nominee to serve as the First Vice President of the
- 6 Export-Import Bank, and today we consider her nomination to
- 7 be its President.
- 8 Ms. Reed also has had a distinguished career in public
- 9 service, previously serving as Senior Advisor to former
- 10 Treasury Secretaries Paulson and Snow. In addition, she has
- 11 served on several congressional committees and has held
- 12 impressive leadership positions in the private sector. Ms.
- 13 Reed is well positioned to help move the Bank forward in a
- 14 positive direction.
- 15 With respect to Ms. Kraninger, some Senators have
- 16 requested a long list of documents, including emails,
- 17 schedules, involvement in memos, White House communications,
- 18 et cetera, relating to Ms. Kraninger's role at OMB with
- 19 respect to the administration's "zero tolerance policy" and
- 20 the administration's response to Hurricane Maria in Puerto
- 21 Rico.
- These requests are designed to go after certain
- 23 extraneous administration policies that the requesters do
- 24 not like and go far beyond the practice of this Committee in
- 25 document production. Indeed, I would not expect this



- 1 administration or any administration to release documents
- 2 related to its ongoing deliberative process, and,
- 3 furthermore, my understanding is that Ms. Kraninger is not
- 4 the custodian of these records and has given the request for
- 5 information to the White House.
- As I have indicated, I do not have an expectation that
- 7 the White House or the agencies involved will provide these
- 8 documents, but that is an issue outside this nomination
- 9 process.
- 10 The Democratic Senators of this Committee asked me to
- 11 delay this hearing today to seek these documents. I am
- 12 unaware of the Banking Committee delaying a hearing for such
- 13 a reason.
- 14 To be consistent, I have followed a similar timeline as
- 15 the Committee set for then-nominee Richard Cordray in 2013.
- 16 As a reminder, the Senate received Mr. Cordray's official
- 17 nomination from the President on February 13, 2013.
- 18 Approximately 1 month later, on March 12, 2013, the
- 19 Committee held a hearing to consider Mr. Cordray's
- 20 nomination and voted the nominee out of Committee 1 week
- 21 later on March 19th.
- 22 Similarly, the Senate received Ms. Kraninger's official
- 23 nomination from the President on June 20, 2018.
- 24 Approximately 1 month later, we are holding this hearing.
- 25 She has provided all of the paperwork that the Banking



- 1 Committee requires.
- 2 The purpose of these hearings is to provide all
- 3 Senators of this Committee the opportunity to ask any
- 4 questions of this nominee, who will be under oath.
- 5 I intend to ask Ms. Kraninger--who will be under oath--
- 6 about her role in developing policy at OMB. Other Senators
- 7 will be given the similar opportunity to question Ms.
- 8 Kraninger and also follow up with questions for the record,
- 9 as we traditionally do.
- I take the Senate's constitutional authority seriously
- 11 and am confident that Ms. Kraninger will be sufficiently
- 12 vetted, as have our previous nominees, for this Committee to
- 13 provide a recommendation to the full Senate on this
- 14 nomination.
- 15 As a separate matter, many of us have experienced
- 16 frustration with the Bureau in previous years. In April
- 17 2016, former Bureau Director Cordray testified before this
- 18 Committee. Senators on the Committee sent questions for the
- 19 record that same month. It took Director Cordray over 16
- 20 months to respond to this Committee.
- It is my hope that, if confirmed, Ms. Kraninger will be
- 22 more accountable to Senators on this Committee than Director
- 23 Cordray was, and I look forward today to a very vigorous
- 24 debate and a vote on the nominees.
- 25 Senator Brown.



1 OPENING STATEMENT OF SENATOR BROW

- 2 Senator Brown. I thank the Chair. I think the
- 3 Chairman knows that that comparison is specious, but I will
- 4 get to that in a moment. It was a very simple request that
- 5 has been out there 4 weeks, but I want to talk more about
- 6 that, as I said, in a moment.
- Welcome to the nominees, especially Ms. Kraninger, who
- 8 brought her Ohio family with her. Good to see you all. And
- 9 Ms. Reed also has some Ohio ties. Nice to see you and good
- 10 to see you both.
- 11 The financial crisis started when greedy lenders lured
- 12 families into scam loans they could not afford. The whole
- 13 enterprise was designed to transfer wealth upwards--
- 14 stripping hard-earned home equity from the middle class,
- 15 putting it in the pockets of shady lenders, and with that
- 16 they were successful. And as members of this Committee are
- 17 familiar with, I see that every day where I live in
- 18 Cleveland. My wife and I live in Zip code 44105, 5 or 6
- 19 miles from where Ms. Kraninger grew up. My Zip code, 44105,
- 20 in 2007, the first half of that year, had more foreclosures
- 21 than any Zip code in the United States of America. And you
- 22 know or should know what that does to families and to
- 23 neighborhoods.
- 24 Behind all the numbers were thousands upon thousands of
- 25 painful conversations around kitchen tables. Congress



- 1 created the Consumer Financial Protection Bureau to prevent
- 2 the need for those heartbreaking conversations ever again.
- 3 Like food inspectors, the CFPB hunts down scammers
- 4 trying to sneak toxic products back onto our kitchen tables.
- 5 The Consumer Bureau is not just a response to the last
- 6 crisis. It is one of the most important tools we have to
- 7 prevent the next crisis.
- 8 Though 2008 should have served as a wake-up call for
- 9 watchdogs and CEOs, over the past 6 years, Consumer Bureau
- 10 inspectors have still found plenty rotten in the banking
- 11 industry.
- 12 From 2012 to 2017, the CFPB won \$12 billion--\$1,200
- 13 million, \$12 billion--in relief for 29 million Americans.
- 14 That is 12 billion reasons for Wall Street to hate the CFPB.
- 15 Lucky for them, lucky for Wall Street, they were able
- 16 to install one of their own--Mick Mulvaney--to head the
- 17 Bureau. He has dropped investigations. He has reduced
- 18 meaningful settlements to slaps on the wrist. Now he wants
- 19 his protégé to run the agency.
- 20 For months, I urged the administration to nominate
- 21 someone to lead the CFPB who had a track record--a track
- 22 record--of working for consumers. Unfortunately, Ms.
- 23 Kraninger has no experience whatsoever in consumer
- 24 protection.
- 25 Mr. Mulvaney argues she should be approved because of



- 1 her management and budget experience. It is hard to see how
- 2 that is enough, especially given the nominee's refusal to
- 3 provide information requested by Committee members.
- 4 Every one of us on this side of the dais wanted this
- 5 hearing postponed until we got information about that
- 6 experience. When the nominee and I met, she said it was out
- 7 of her hands, she would try to get a response. That was
- 8 over a week ago. Still nothing. The letter was 4 weeks
- 9 ago. The response was 1 week ago. What is the
- 10 administration hiding?
- 11 If my Republican colleagues are concerned about
- 12 transparency and accountability and responsiveness, they
- 13 should note this nominee's failure to reply to a simple
- 14 request about her responsibilities in her current job--
- 15 again, a request that was submitted 4 weeks ago.
- 16 Here is what we do know. At the Office of Management
- 17 and Budget, she signed off on a \$1.9 trillion tax break for
- 18 millionaires. To pay for it, she helped write a budget -- she
- 19 called it an "aspirational document" to me--that would
- 20 triple the rent for families that are already struggling to
- 21 get by. \$1.9 trillion in tax cuts, 80 percent of those tax
- 22 cuts over time go to the richest 1 percent, and this
- 23 administration, with the approval of the designee to be head
- 24 of CFPB, is willing to triple the rates for families that
- 25 are already struggling to get by.



- 1 She has been involved in the management of one
- 2 disastrous policy after another. The botched response to
- 3 hurricanes in Puerto Rico has left American citizens--
- 4 American citizens -- to fend for themselves. A housing policy
- 5 that undoubtedly will increase homelessness. The
- 6 administration's cruelest policy yet: separating children
- 7 from their parents at the border.
- I hope we will know more by the end of the hearing.
- 9 These issues go to the heart of how she will handle any new
- 10 job.
- 11 Management is supposed to be Ms. Kraninger's one
- 12 qualification.
- Nobody wants Mr. Mulvaney out of the CFPB faster than I
- 14 do. But American consumers cannot afford 5 years of someone
- 15 who stands with the bankers in the administration and stands
- 16 with the bankers on Wall Street. We need a CFPB Director
- 17 who will sit with hardworking families at their kitchen
- 18 tables.
- I know my Republican colleagues are eager to move this
- 20 nominee in spite of the administration's stonewalling. I
- 21 wish they showed a little of this kind of urgency when it
- 22 comes to the jobs that have been put at risk by the failure
- 23 to have a functional Export-Import Bank.
- Ms. Reed has returned for her second appearance before
- 25 the Banking Committee. She is well qualified to lead Ex-Im,



- 1 and our Committee voted overwhelmingly to support her
- 2 nomination as First Vice President last December.
- 3 There are 109 export credit agencies and credit
- 4 programs throughout the world that support foreign
- 5 manufacturers, but the U.S. has literally--has unilaterally
- 6 and literally disarmed. When it comes to helping exporters,
- 7 the policy some of our colleagues seems to be "America
- 8 Last."
- 9 It has been 4 years since the Senate confirmed an Ex-Im
- 10 nominee, leaving Ex-Im partially shut down for 3 years.
- 11 American businesses have transactions worth more than \$40
- 12 billion pending at the Bank. Yet there has been
- 13 stonewalling from this Committee and this Republican
- 14 leadership for years. Those deals and the resulting jobs
- 15 will move overseas unless the Bank's board is restored.
- 16 If President Trump and Republicans are serious about
- 17 helping American manufacturers after 3 years of obstruction-
- 18 -there is no other word to describe it--they should urge the
- 19 Majority Leader to schedule consideration of Ms. Reed and
- 20 the other Ex-Im Board members immediately.
- In one sense, you brought it up at the end of your
- 22 opening statement, Mr. Chairman. I want to say one more
- 23 thing. There is, simply put, no comparison to Rich Cordray
- 24 in this process. Seven hundred thirty days passed between
- 25 his nomination and his confirmation, July 18, 2011, to July



- 1 16, 2013, almost 2 full years. Ms. Kraninger was nominated
- 2 1 month ago. Two years/1 month comparison. Mr. Cordray--
- 3 look at his qualifications: Ohio Attorney General,
- 4 Solicitor General, clerked for Supreme Court Justice
- 5 Kennedy, argued in front of the Supreme Court six times,
- 6 deep experience with consumer rights and civil rights laws.
- 7 Cordray's qualifications were never under question, but 44
- 8 Republicans signed a letter saying they would support no
- 9 one--no one--to head the agency unless we changed the law to
- 10 weaken the agency. Cordray's first nomination died in the
- 11 Senate. When he was renominated--again, even after having a
- 12 clear track record at CFPB--Republicans continued to oppose
- 13 his nomination until we defanged the CFPB. You know, that
- 14 is what Wall Street wanted, so like one bird flying off the
- 15 wire, they all fly off the wire, continue to side with Wall
- 16 Street to defang this agency.
- 17 All we ask for with Ms. Kraninger is a response to
- 18 basic questions regarding Ms. Kraninger's current job so we
- 19 can evaluate her management skills, which this nomination
- 20 hangs on. Again, it is not her work in consumer protection.
- 21 It is her management skills. Tell us more about those
- 22 management skills.
- 23 Republicans held up Mr. Cordray for 2 years, demanding
- 24 changes to the law before they would even consider a
- 25 nomination, so the comparison between that process and this,



- 1 Mr. Chairman, is specious.
- Chairman Crapo. Thank you, Senator Brown. Since you
- 3 decided to go into that, I will also go into a little
- 4 further discussion of the document request.
- 5 It has been described here today as a "simple request"
- 6 that goes into Ms. Kraninger's relationship to some of these
- 7 policies. The fact is it is a document request that goes
- 8 into virtually every conceivable document related to the
- 9 deliberative process, the budgeting process, and the
- 10 implementation concerning administration policies ranging
- 11 from immigration to hurricane relief. And now we have had
- 12 the Tax Code thrown in as well.
- 13 Ms. Kraninger is not the custodian of these documents.
- 14 She has forwarded this request to the White House. These
- 15 document requests are obviously designed to go after various
- 16 policies of the administration with which the requesters
- 17 disagree and go far beyond any precedent of this Committee
- 18 in what it requires of nominees.
- 19 These requests seek to open up extensive document
- 20 production in five agencies: OMB, DOJ, DHS, Treasury, and
- 21 HUD, including also the White House itself. This is a
- 22 multifaceted battle with the President being played out in
- 23 the context of this Committee's nomination process. Indeed,
- 24 I would not expect this administration or, frankly, any
- 25 administration to release these types of documents related



- 1 to its deliberative process.
- 2 As I said before, Ms. Kraninger has provided all
- 3 documents and information which this Committee requires of
- 4 nominees, and we will get answers from her today on the
- 5 issues you said we need to get information--
- 6 Senator Brown. One more thing. We have never really
- 7 done this before, but I am just kind of amazed by this. I
- 8 am sorry, Mr. Chairman, you have to explain the inexplicable
- 9 on the part of this Trump White House that simply will not
- 10 step up on this. If there is a claim of deliberative
- 11 process, the White House never has used that claim. They
- 12 have never even responded to the letter, let alone any
- 13 details that she had been willing to share with any of the
- 14 members with whom she met one on one, including me. She
- 15 also has not been willing, nor has the White House, to give
- 16 us an answer to the letter, even if the answer is, "We claim
- 17 deliberative process."
- So I just do not--I hope the Committee is not going to
- 19 start acting like this, that the White House does not have
- 20 to answer letters, does not have to answer questions from
- 21 Members of the Senate, Mr. Chairman.
- Chairman Crapo. Well, it is unfortunate to me that the
- 23 Committee is starting to get into these kinds of battles,
- 24 too. I am discouraged by that, and I hope that this does
- 25 not change the tenor of cooperation that we have on many



- 1 other issues.
- I understand the importance of this nomination. I
- 3 understand the long-term battle we have had over the CFPB
- 4 and its leadership. And the bottom line is I do not know--
- 5 as I understand, Ms. Kraninger has passed this document
- 6 request on to the White House. There are processes by which
- 7 we can all seek documents from agencies and the White House,
- 8 and I assume you are engaged in that process now that she
- 9 has passed this document on.
- I do not know what their answer is going to be. I will
- 11 tell you what I think their answer will be, but I do not
- 12 know what it will be. That issue is an issue that goes
- 13 beyond this nomination process. That is my point today.
- 14 Senator Brown. I just think there is no incentive for
- 15 the--if we continue on their merry way, just like all of you
- 16 on this Committee that have spoken with justified outrage,
- 17 particularly Senator Sasse and Senator Corker, with the
- 18 President's performance on Monday night--or Monday in
- 19 Moscow--or in Helsinki, but there is never a consequence for
- 20 this administration because we all continue to do the
- 21 administration's--all of you continue to do the
- 22 administration's bidding, whether it is confirmation of Ms.
- 23 Kraninger or whether it is confirming another judge or
- 24 whether it is passing another tax cut for rich people in
- 25 this country. Why should the President change his behavior



- 1 when there is never a price to pay? And one price would be
- 2 let us not do this nomination until they actually give us an
- 3 answer on some of these questions.
- 4 Chairman Crapo. Well, like I said, I understand the
- 5 battle that you are having with the President on many
- 6 issues. I do not agree with transporting that battle into
- 7 this nomination process, and so today we will proceed.
- 8 Would the witnesses please rise and raise your right
- 9 hands, please? Do you swear or affirm that the testimony
- 10 that you are about to give is the truth, the whole truth,
- 11 and nothing but the truth, so help you God?
- 12 Ms. Kraninger. I do.
- 13 Ms. Reed. I do.
- 14 Chairman Crapo. And, also, do you agree to appear and
- 15 testify before any duly constituted Committee of the Senate
- 16 if asked?
- 17 Ms. Kraninger. I do.
- 18 Ms. Reed. I do.
- 19 Chairman Crapo. Thank you. You may be seated.
- 20 Each of your written statements will be made a part of
- 21 this record in their entirety. Before you begin your
- 22 statements, as your turn comes, I invite you to introduce
- 23 your family who are here with you if you would like to do
- 24 so. And, Ms. Kraninger, we will start with you. You may
- 25 please proceed.



1	TESTIMONY	OF,	KA'I'HLEEN	LAURA	KRANINGER,	OF.	OHIO,	J.O

- BE DIRECTOR, BUREAU OF CONSUMER FINANCIAL
- 3 PROTECTION
- 4 Ms. Kraninger. Chairman Crapo, Ranking Member Brown,
- 5 members of the Committee, thank you for the opportunity to
- 6 appear before you today. It is a privilege to be here as
- 7 the President's nominee for Director of the Bureau of
- 8 Consumer Financial Protection. I want to thank President
- 9 Trump for this honor and for the confidence he has placed in
- 10 me with this nomination.
- I would also like to express my deepest gratitude to my
- 12 family and friends who have joined me today. My parents,
- 13 Dave and Pat, as Senator Brown mentioned, are from
- 14 Cleveland, Ohio. My older brothers, Dave and Dan, and their
- 15 families traveled from Wisconsin and Connecticut. My
- 16 younger brother, Matt, and his family are watching online.
- I am incredibly lucky to have an amazing family who has
- 18 encouraged me in every endeavor and that has taught me that
- 19 hard work and dedication, with that everything is possible
- 20 in this country of ours. I am also especially grateful for
- 21 their steadfast support as I have followed my call to public
- 22 service and pursued a career serving the American people.
- 23 My love for our country, its ideals and promise, drives
- 24 my commitment to public service. It sparked my interest in
- 25 my university's summer internship program where I worked for



- 1 my hometown Congressman, Senator Brown. It inspired my
- 2 decision to join the Peace Corps and serve for 2 years
- 3 overseas teaching in the former Soviet Union. There I saw
- 4 firsthand the devastating impact of communism, the economic
- 5 consequences of central planning, and the absence of free
- 6 markets and the rule of law.
- Following the attacks on September 11, 2001, I felt the
- 8 call even more deeply, to serve our country in a time of
- 9 need. I am very proud to have served on the leadership
- 10 teams at both the Departments of Transportation and Homeland
- 11 Security during that extraordinarily challenging time for
- 12 our Nation. I have also been honored to serve three
- 13 congressional committees, including the Senate
- 14 Appropriations Committee under Senator Shelby's leadership.
- 15 In my current position as Associate Director at the Office
- 16 of Management and Budget, I have taken a broader leadership
- 17 role, and I oversee \$250 billion in budgetary resources and
- 18 related policies for 7 Cabinet agencies and 30 other Federal
- 19 agencies, including the Bureau, and the other financial
- 20 regulators.
- 21 Throughout my career I have focused on implementing
- 22 commonsense solutions to complex problems and delivering
- 23 real value for the American people. While I will not
- 24 prejudge and cannot predict every decision that will come
- 25 before me as Director, if confirmed, I can assure you that I



- 1 will focus solely on serving the American people.
- 2 Congress established the Bureau of Consumer Financial
- 3 Protection "to ensure all consumers have access to markets
- 4 for consumer financial products and services...that are
- 5 fair, transparent, and competitive." I am firmly committed
- 6 to fulfilling that congressional mandate. To do so, I will
- 7 establish four initial priorities.
- 8 First, the Bureau should be transparent and fair,
- 9 ensuring its actions empower consumers to make good choices
- 10 and provide certainty for marketplace participants. In
- 11 particular, the Bureau should make robust use of cost-
- 12 benefit analysis, as required by Congress, to facilitate
- 13 competition and provide clear rules of the road. In my
- 14 experience, effective use of notice and comment rulemaking
- 15 is essential to proper balancing of all interests. It also
- 16 enables consideration of tailoring to reduce the burden of
- 17 compliance, particularly on consumers and smaller
- 18 marketplace participants.
- 19 Second, the Bureau should work closely with the other
- 20 financial regulators and the States on supervision and
- 21 enforcement. Nothing is more destructive to competitive
- 22 markets and consumer choice than fraudulent behavior. Under
- 23 my stewardship, the Bureau will take aggressive action
- 24 against bad actors who break the rules by engaging in fraud
- 25 and other illegal activity.



- 1 Third, the Bureau must recognize its profound duty to
- 2 the American people to protect the data in its possession.
- 3 Under my leadership, the Bureau would limit data collection
- 4 only to what is required under law and is necessary to carry
- 5 out its mission and ensure that that data is protected. The
- 6 issue clearly needs more attention because consumers are
- 7 unaware of the vulnerabilities they face and unsure of what
- 8 steps to take to protect themselves.
- 9 Fourth, the Bureau must be accountable for its actions,
- 10 including its expenditure of resources.
- 11 As a former congressional staffer, I appreciate the
- 12 important role of Congress in overseeing this agency. I
- 13 value the advice and perspectives you have shared with me in
- 14 the meetings over the past month--conversations that I
- 15 welcome going forward, should I be confirmed in this
- 16 important position.
- 17 Thank you for your consideration.
- 18 [The prepared statement of Ms. Kraninger follows:]
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1	Chai	irman	Crapo.	Thank	you.
2	Ms.	Reed			
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- 1 TESTIMONY OF KIMBERLY A. REED, OF WEST VIRGINIA,
- TO BE PRESIDENT, EXPORT-IMPORT BANK
- 3 Ms. Reed. Chairman Crapo, Ranking Member Brown,
- 4 Senators, thank you for the opportunity to appear before you
- 5 today. Thank you as well for this Committee's favorable
- 6 bipartisan vote to advance my previous nomination to serve
- 7 as First Vice President of the Export-Import Bank of the
- 8 United States. I now return to you as the President's
- 9 nominee to serve as President of Ex-Im, a position that
- 10 includes serving as Chairman of the Bank's Board of
- 11 Directors. I thank President Trump for his confidence in me
- 12 to advance Ex-Im's mission: creating and supporting
- 13 American jobs by facilitating the export of U.S. goods and
- 14 services.
- 15 If confirmed, I will be both the first woman and the
- 16 first West Virginian to be President and Chairman of this
- 17 84-year-old institution.
- I also appreciate the encouragement and support of the
- 19 President's National Economic Council Chairman Larry Kudlow
- 20 and diverse organizations focused on American prosperity.
- I would like to recognize my father, Terry, and sister,
- 22 Ashley. I lost my mother, Janet Logue Reed, an Ohioan, to
- 23 cancer when I was 9 years old, and tomorrow would be her
- 24 70th birthday, so I send her my love and know that she is
- 25 with us.



- 1 I thank you for the encouraging and supportive
- 2 individual meetings to discuss your views and the positive
- 3 impact Ex-Im has made for the workers in your States and the
- 4 potential to do more to support them. If confirmed, I will
- 5 work especially hard to maintain open lines of communication
- 6 with you and the Congress.
- 7 I am grateful for the support of my home-State
- 8 Senators, Shelley Moore Capito and Joe Manchin. I would
- 9 bring the grounding of my West Virginia upbringing to Ex-Im.
- In 1985, Senator Capito's father, Governor Arch Moore,
- 11 bestowed upon me a golden horseshoe pin for an academic
- 12 award that I wear today. Its inscription reads: "Montani
- 13 Semper Liberi"--"Mountaineers Are Always Free." I believe
- 14 that freedom, in the form of free-market principles, is the
- 15 best way to foster economic opportunity for all Americans.
- 16 Throughout my 22-year career, I have embraced these
- 17 principles to make a positive difference for our Nation's
- 18 businesses and workers while also protecting the American
- 19 taxpayer. I would bring these values to Ex-Im.
- 20 Still, there is room for improvement to keep America on
- 21 this road to prosperity, and Ex-Im is no exception. If
- 22 confirmed, I will work to ensure that Ex-Im faithfully
- 23 implements all laws and reforms enacted by Congress. I
- 24 would launch a review to ensure that Ex-Im truly is the
- 25 "bank of last resort" and not the other way around.



- 1 There are now 109 foreign Export Credit Agencies, or
- 2 ECAs, in other countries--up from 95 when I testified before
- 3 you last November. Ex-Im recently reported on "the
- 4 increasing `weaponization' of export trade credit by the
- 5 world's ECAs to complement increasingly nationalistic trade
- 6 policies--particularly those initiated by China." If
- 7 confirmed, I look forward to working with the administration
- 8 and the Congress on an aggressive response to China's unfair
- 9 trade policies.
- In a perfect world, there would be no ECA financing.
- 11 If confirmed, I will work with the U.S. Government and, as
- 12 appropriate, the OECD, G-20, WTO, and other forums to move
- 13 towards the ultimate goal of eliminating all ECA financing.
- 14 On that you have my pledge.
- Until that goal is reached, the United States should
- 16 not unilaterally disarm in a fiercely competitive global
- 17 economy. While we negotiate, we should not place our Nation
- 18 in a worse position than our foreign counterparts. As
- 19 President Trump stated regarding export financing: "[W]hen
- 20 other countries give it, we lose a tremendous amount of
- 21 business." Therefore, if the Senate confirms a Bank Board
- 22 quorum, I will take responsible steps to get Ex-Im
- 23 operational so America can compete on a more level playing
- 24 field. Ex-Im has more than \$40 billion in pending
- 25 applications supporting 250,000 U.S. jobs. We need to keep



- 1 and support these jobs in the United States while we, at the
- 2 same time, work to reform the export subsidies of our
- 3 competitors to save even more. We can do both.
- 4 Ex-Im must also treat all American companies fairly,
- 5 especially small and medium enterprises. I would ensure
- 6 that Ex-Im--working with community banks and community
- 7 development financial institutions that I am so familiar
- 8 with--helps small businesses and the agriculture sector,
- 9 which is vital to rural America.
- In closing, I would like to underscore that good
- 11 governance is critical. Ex-Im, which has a very low 0.4
- 12 percent default rate, is self-sustaining because of the fees
- 13 and loans it charges to the foreign purchasers and has
- 14 returned \$14.6 billion to the U.S. Treasury since the year
- 15 2000. We need to ensure that it stays that way.
- Building on my time in the Congress on oversight,
- 17 investigations, and Government reform, I would focus on
- 18 strong standards of conduct, increased transparency, and
- 19 sound risk management practices. I would work with you and
- 20 our Inspector General to ensure we are doing all we can to
- 21 eliminate waste, fraud, and abuse and give better value to
- 22 the taxpayer.
- 23 Thank you for your consideration. I would be pleased
- 24 to answer any questions.
- 25 [The prepared statement of Ms. Reed follows:]



- 1 Chairman Crapo. Thank you, Ms. Reed.
- 2 And I will start my questioning with you, Ms.
- 3 Kraninger. As was obvious in the opening discussions
- 4 between Senator Brown and myself, there is a desire on the
- 5 part of some of the Senators on the Committee to know what
- 6 involvement you had, if any, in certain policy decisions
- 7 that have been made by the administration. Can you discuss
- 8 to what extent, if any, you were involved in the development
- 9 of the administration's zero tolerance policy?
- 10 Ms. Kraninger. Senator, I appreciate the question. I
- 11 had no role in setting the zero tolerance policy, as I have
- 12 said to many members in our meetings. I recognize the
- 13 reason for the question being asked. It is important to
- 14 note that the Office of Management and Budget has an
- 15 extensive role in supporting agencies as they implement the
- 16 President's priorities and agenda. That includes
- 17 legislative proposals, regulatory proposals, budgetary
- 18 resources, and those kinds of facets of things. So it is
- 19 clear that since the beginning of the administration,
- 20 immigration policy, border security policy broadly has been
- 21 a very detailed discussion within the administration. There
- 22 have been myriad meetings at all levels of the
- 23 administration that I have attended, that the Director and
- 24 Deputy Director and my staff have attended. And in addition
- 25 to that, Senator, to your note, I do believe that the



- 1 protection and preservation of the deliberative process is
- 2 critical to the ability of the administration to develop
- 3 policy and implement policy.
- I do not believe it is appropriate, frankly, or fair or
- 5 right for me to articulate the advice that I gave or to
- 6 characterize the discussion that others may have had or
- 7 brought to the table. But I can assure you and all of the
- 8 members that in every position that I have ever held and
- 9 every individual I have supported in my career, I have given
- 10 my best advice based on the best information available at
- 11 the time. And that is certainly what I have done in the
- 12 area of immigration and border security, and I would note
- 13 again I had no role in setting the policy.
- 14 Chairman Crapo. Thank you. And the same question
- 15 basically with respect to the administration's response to
- 16 Hurricane Maria in Puerto Rico.
- 17 Ms. Kraninger. Senator, with respect to hurricane
- 18 response, the Office of Management and Budget, including
- 19 myself, as I said, my staff, the Director, we have a role in
- 20 reviewing disaster declaration recommendations that go to
- 21 the President. So we are involved from that point. We also
- 22 put together at the Office of Management and Budget the
- 23 supplemental requests that the administration puts forward
- 24 to the Hill when they are necessary.
- Obviously, last fall was a devastating hurricane season



- 1 in the Atlantic that included Puerto Rico being hit by two
- 2 hurricanes, one after the other, with Irma and Maria. So
- 3 there were devastating impacts to that. Clearly, additional
- 4 resources were needed, and the Office of Management and
- 5 Budget supported the President in putting forward those
- 6 requests that Congress considered and obviously responded to
- 7 in providing the resources necessary.
- 8 Chairman Crapo. Well, thank you.
- 9 And, Ms. Reed, U.S. companies are increasingly
- 10 challenged by subsidized export financing from China and
- 11 other foreign nations. Right now who is picking the winners
- 12 and losers in the global marketplace? And who, if anyone,
- 13 should be?
- Ms. Reed. Right now, sir, the United States is not
- 15 picking winners for the United States workers because we are
- 16 not operational. So as I mentioned in my testimony, we have
- 17 250,000 jobs that potentially could be supported by a
- 18 reported \$40 billion in applications waiting for an Export-
- 19 Import Bank quorum. If I am confirmed, I will not pick
- 20 winners and losers. I will treat all applicants equally and
- 21 fairly. That is what the charter passed by the Congress
- 22 dictates. I will uphold the law. But I also will do all I
- 23 can to help our small businesses in this country. It is
- 24 very important to me, and I have a long track record on
- 25 that.



- 1 Chairman Crapo. And I am sure you are aware that there
- 2 are a number of reforms that many are seeking to see
- 3 implemented at the Ex-Im Bank. If you are confirmed, are
- 4 there reforms you will prioritize?
- 5 Ms. Reed. Yes, sir. As I outlined in my testimony, I
- 6 am very dedicated to increased transparency. We also have
- 7 to protect our American company applicants from releasing
- 8 their proprietary confidential business information, but I
- 9 will take a hard look, if confirmed, at how we can do things
- 10 to make what Ex-Im does more transparent.
- I also believe that we need to be focused on good
- 12 ethics and, if confirmed and a quorum is confirmed, we will
- 13 be standing up a Risk Committee and be approving our Chief
- 14 Ethics Officer and Chief Risk Officer. And I also believe
- 15 we really need to take a hard look to ensure that the Bank
- 16 is the bank of last resort, and so taking a look at some
- 17 tests that Ex-Im currently administers on additionality and
- 18 economic impact, take a look at those again and seek input
- 19 from all the experts. There are many diverse opinions on
- 20 this, and I think it is important as we look at
- 21 reauthorization in 2019 that we take a look at that.
- 22 Chairman Crapo. Thank you very much. My time has
- 23 expired.
- 24 Senator Brown?
- 25 Senator Brown. Thank you, Mr. Chairman.



- 1 A week ago or so, Ms. Kraninger, we had a good
- 2 discussion in our office, and I appreciate your taking the
- 3 time and the conversation we had. I asked a number of
- 4 questions about tripling the rent for low-income people,
- 5 about the 600 percent interest that people more often than
- 6 not pay when they get payday loans. The Speaker of the
- 7 House in Ohio resigned, as you probably know, under a
- 8 scandal about payday loans recently, the first time in our
- 9 history.
- 10 Your answer to all of those seemed to be that the
- 11 market will take care of this, and I only just suggest to
- 12 you that I do not think that philosophy recognizes how
- 13 expensive it is to be poor in this country. And I would, as
- 14 I asked you and as I asked Secretary Carson, ask that you
- 15 spend 3 or 4 hours and read the book "Evicted" by Matthew
- 16 Desmond, because I think it speaks -- it really does speak in
- 17 a way that is really important to understand those issues
- 18 better.
- 19 I have a couple of questions. Your response to the
- 20 Chairman was that you did not set policy. I understand
- 21 that. That is the term that you used in my office and in a
- 22 number of other offices, and it is the term you used twice
- 23 in response to the Chairman. You did not set policy. But
- 24 you do help to execute policy, and would you talk about--I
- 25 am interested in what you did, not what you did not do.



- 1 Talk about executing policy. Talk about what resources you
- 2 moved around on the zero tolerance policy since neither you
- 3 nor the administration will even tell us, seem to want to
- 4 tell us that in response to that letter.
- 5 Ms. Kraninger. Senator, I appreciate the question.
- 6 With respect to the zero tolerance policy, as noted, again,
- 7 I will repeat that I did not have any role in setting it.
- 8 When the Attorney General announced it, it was his
- 9 prerogative to do so, and the Department of Justice has
- 10 repeatedly asserted that they do have the resources to
- 11 support their mission underneath that policy and have done
- 12 that. So the Attorney General has announced publicly--
- 13 Senator Brown. Well, I understand. I am sorry to
- 14 interrupt, but we have 5 minutes. I understand what you did
- 15 not do. Tell me what you did do with the zero tolerance
- 16 policy.
- Ms. Kraninger. So, similarly, with the Department of
- 18 Justice articulating it had sufficient resources, the
- 19 Department of Homeland Security and the Health and Human
- 20 Services Department as well, as is not under my purview, but
- 21 I am aware of some of the things they are seeking there,
- 22 those Secretaries have looked at what the resources are
- 23 available within their flexibilities provided through the
- 24 appropriations process to see what resources may be
- 25 necessary to move around. There were discussions within the



- 1 administration on those matters, but it is the prerogative--
- 2 Senator Brown. So what did you--I understand the other
- 3 agencies. I apologize for cutting you off. But what did
- 4 you actually do in your position at OMB on that policy?
- 5 Ms. Kraninger. So, Senator, there were meetings after
- 6 the announcement of the policy as the Secretaries raised
- 7 questions about it and were looking at their own resources
- 8 to try to figure out how to support that implementation.
- 9 And, again, the Office of Management and Budget is there to
- 10 support those agencies, to ask questions, and, again, in
- 11 terms of the advice and details, it would be chilling to the
- 12 deliberative process to give you extensive details on the
- 13 substance of the discussion. I appreciate why you are
- 14 asking. At the same time I do not think that is appropriate
- 15 to get into the particular details of my advice. But I can
- 16 say generally that the Office of Management and Budget
- 17 supports those agencies in analyzing the need and looking at
- 18 the appropriations law and the needs that are made known to
- 19 us.
- 20 Senator Brown. This is sort of the same non-answer to
- 21 the letter. When we met last week, I asked you to name some
- 22 enforcement actions that Director Cordray had taken that you
- 23 support. You did not come up with any answers then. Do you
- 24 have any now as you have had a little time to think about
- 25 it?



- 1 Ms. Kraninger. Senator, it was a good conversation in
- 2 your office. I appreciate you alluding to it as well, and I
- 3 would say on that point specifically, as I noted in my
- 4 statement, I do support the Bureau exercising its authority
- 5 to take enforcement matters when bad actors are operating in
- 6 the system. No one--
- 7 Senator Brown. Can you come up with an example--I am
- 8 sorry to interrupt--
- 9 Ms. Kraninger. Sorry, Senator. Specifically--
- 10 specifically two areas that -- the investigations that were
- 11 launched under Director Cordray's leadership and that were
- 12 continued under the current administration, I can note
- 13 Equifax certainly. A lot of members, we discussed
- 14 extensively concerns about credit reporting agencies and
- 15 their practices. The Equifax fallout is going to be
- 16 something that is going to be with us for a long time as a
- 17 Nation and an issue that I know many are grappling with.
- 18 And if confirmed, I would be grappling with the steps that
- 19 need to be taken there. So that was certainly something
- 20 launched under his leadership.
- 21 And I would say, too, the Wells Fargo enforcement
- 22 actions as well. That is an area that, again, completely
- 23 inappropriate--
- Senator Brown. Even though my colleagues here said
- 25 that CFPB did not do its job, but one last question. One of



- 1 the enforcement actions that Director Cordray took was
- 2 against a company scamming 9/11 first responders. The judge
- 3 in the 9/11 first responder case struck down CFPB's claims,
- 4 agreeing with the President's Supreme Court that the Bureau
- 5 is unconstitutional. Would you challenge that ruling inside
- 6 of the CFPB?
- 7 Ms. Kraninger. Senator--
- 8 Senator Brown. So, in other words, are you going to
- 9 take the side--I am sorry again. Are you going to take the
- 10 side of the 9/11 scammers, or are you going to take the side
- 11 of those who were scammed as you decide what to do on this
- 12 court case?
- 13 Chairman Crapo. And please make your response prompt.
- 14 Ms. Kraninger. Absolutely. I am aware of the
- 15 constitutionality questions, Senator. I think they are
- 16 important, but they are not for me in this position to
- 17 answer. The Director has a responsibility to carry out the
- 18 law as it is written and run the agency as it is established
- 19 now, and that is my focus.
- 20 Senator Brown. Thank you.
- 21 Chairman Crapo. Senator Corker.
- 22 Senator Corker. Thank you, Mr. Chairman. And I thank
- 23 both of you for your willingness to serve.
- I do want to respond to Ranking Member Brown with
- 25 sincere warmth. We came in together, and I have enjoyed



- 1 serving with you. It seems to me that what has been
- 2 happening is if we do not like something the President does-
- 3 -and I will take a back seat to no one in challenging
- 4 foreign policy issues, tariff issues, with every ounce of
- 5 energy that I have. But if we do not like some of the
- 6 things the President is doing, we should then block nominees
- 7 that we like.
- 8 I got a call after the Helsinki press conference, which
- 9 to me was one of the worst I have seen, from a leading
- 10 Democrat--I have shared this with some of my friends--and he
- 11 said, "Corker, you need to block the Supreme Court nominee."
- 12 Well, I could hit myself in the knee with a sledgehammer,
- 13 too, but why would I block someone that I generally like
- 14 over something that the President has done?
- 15 And I just want to say that, again, I take a back seat
- 16 to no one. Senator Menendez and I had a conversation about
- 17 this yesterday. But it is actually you that is doing the
- 18 President's bidding on tariffs. Senator Toomey and I tried
- 19 to block this terrible policy that is costing Americans
- 20 jobs, taxing Americans--taxing Americans--and you are
- 21 actually doing his bidding. So I could throw that right
- 22 back.
- 23 And what I would like to see happen is if we could
- 24 somehow depoliticize this Bureau--I mean, it started out in
- 25 a way that was controversial under Dodd-Frank. It was the



- 1 thing that kept us from having a bipartisan bill in Dodd-
- 2 Frank. It was this agency that kept us from having a bill
- 3 that would have stood the test of time. I think we could
- 4 have come to an agreement if it were not for the way that
- 5 this was set up, without a board and dividing all of us.
- 6 So I would like to see us somehow figure out a way for
- 7 this agency to go forward. There are abuses that happen.
- 8 There are abuses that happen, and the Bureau has done some
- 9 really good things in that regard. It has also, in some
- 10 cases it feels, done some things that were somewhat
- 11 political. Somewhat. I had a good relationship with
- 12 Cordray. I enjoyed working with him.
- So I would like to ask our nominee, what is it that you
- 14 can do leading the Department to try to cause this whole
- 15 political atmosphere around it to diminish as its leader so
- 16 that we do not have these types of processes every time
- 17 anything comes up regarding this Bureau?
- 18 Ms. Kraninger. Thank you, Senator, for that question,
- 19 because it is obviously critical and central to the
- 20 discussion that is happening here today and has been
- 21 happening for years on the Bureau.
- What I bring to this position and why I was selected by
- 23 the President for this position is precisely that: 20 years
- 24 of Government service, working for commonsense solutions
- 25 across the aisle, working with members on both sides to



- 1 support the best outcome for the American people. And that
- 2 is certainly what I pledge. This agency clearly needs solid
- 3 management to take it forward, to become part of the
- 4 financial regulatory framework of this Nation as a mature
- 5 regulator, and that is the direction that I would like to
- 6 take it, if confirmed. And I firmly believe that we can
- 7 continue to push for transparency and accountability at the
- 8 Bureau, again, to really have a clear decisionmaking process
- 9 that takes into account all of the interests that are across
- 10 the Nation, from consumer groups to the financial
- 11 institutions to all of you here today, to make the best
- 12 decisions and put forward the best actions for the American
- 13 people.
- 14 Senator Corker. So I am Chairman of the Foreign
- 15 Relations Committee, and there are people on our staff that
- 16 are just outstanding, finest people I have ever worked with
- 17 in my life. And they are specialists in what they do, and I
- 18 call upon them to help me in doing what I am doing.
- 19 It is my understanding that you have people like that
- 20 already at the Bureau who would be working underneath you,
- 21 if confirmed, and one of the challenges that people have put
- 22 to you is that you have not been in this area. But it is my
- 23 understanding that you have some very capable people that
- 24 work underneath that are specialists in the areas that the
- 25 Bureau would be dealing with. Is that correct?



- 1 Ms. Kraninger. Yes, Senator, it is. I very much look
- 2 forward to meeting all of them, understanding the details of
- 3 the positions that they have taken, the recommendations that
- 4 they have made, and moving the Bureau forward.
- 5 Senator Corker. [Presiding.] And if you would, state-
- 6 -I know I have got 3 seconds left. Let me say to Ms. Reed,
- 7 I enjoyed seeing you in Uganda. I appreciate the meeting
- 8 that we had in our office. I know that Senator Toomey and
- 9 others have focused on some reforms that they would like to
- 10 see take place. Many of us for years have hoped that the
- 11 Department itself would reform. I hope that we will be able
- 12 to work with you and others to make that happen, and I thank
- 13 you both for your willingness to serve.
- 14 With that, I am the stand-in Chairman, and I call on
- 15 Senator Menendez.
- 16 Senator Menendez. Thank you, Mr. Chairman.
- 17 Ms. Kraninger, you have been nominated to lead the
- 18 agency that is singularly tasked with protecting American
- 19 consumers from predatory financial practices, from seniors
- 20 to servicemembers, students to homeowners. We created the
- 21 Consumer Financial Protection Bureau to be an independent
- 22 cop on the beat for American consumers.
- 23 When we met--and I appreciate you coming by--you told
- 24 me that your management experience at OMB has prepared you
- 25 for this role. So I want to ask you about that,



- 1 specifically about the administration's response to Puerto
- 2 Rico. Hurricane Maria tragically killed thousands of
- 3 people, resulted in the longest blackout in U.S. history,
- 4 and left Puerto Ricans without access to clean water for
- 5 weeks. It took FEMA only 2 weeks to send Texas almost three
- 6 times the amount of staff that it sent to Puerto Rico more
- 7 than 2 months later.
- Now, I sent you a letter asking for information about
- 9 your role in Puerto Rico, and I asked for a response by this
- 10 past Monday. You failed to provide one.
- 11 As it turns out, I have emails that demonstrate your
- 12 involvement in the Trump administration's response to
- 13 Hurricane Maria, although these are not emails that you
- 14 provided to us. In my office you told me that not only were
- 15 you involved in the response to Puerto Rico through your
- 16 oversight of FEMA, Treasury, and HUD, but that you oversaw
- 17 the development of disaster aid requests to Congress.
- 18 So let me ask you here, and please provide me some
- 19 brief responses because I think factually we probably both
- 20 know the answers. In the first aid package that Congress
- 21 passed after Hurricane Maria, most of Puerto Rico's aid came
- 22 in the form of a community disaster loan that can only be
- 23 forgiven at the discretion of the Secretaries of Treasury
- 24 and Homeland Security, an unprecedented condition not
- 25 applicable to Texas or Florida.



- 1 Is it true that Puerto Rico had to wait 5 months to
- 2 receive this funding? Yes or not.
- 3 Ms. Kraninger. Not exactly, Senator. The CDL loan was
- 4 actually an unprecedented amount of resources being provided
- 5 that Congress deemed appropriate, making--
- 6 Senator Menendez. Did they wait 5 months to get the
- 7 money?
- 8 Ms. Kraninger. --available \$1.5 billion--
- 9 Senator Menendez. Did they wait 5 months to get the
- 10 money?
- 11 Ms. Kraninger. No, Senator, I actually do not believe
- 12 that the Governor has availed himself of this option yet.
- 13 At the same time, it is an unprecedented amount of money
- 14 that is available for that--
- 15 Senator Menendez. Well, let me tell you what happened
- 16 since you seem to have a different recollection. The
- 17 administration unjustifiably withheld the loan from Puerto
- 18 Rico, arguing that it had a cash balance at the end of 2017
- 19 and, therefore, did not need the money. I am sure there
- 20 were cash balances in Texas and Florida.
- In November of 2017, Puerto Rico Governor Rossello
- 22 requested \$94 billion in recovery funds. In response to
- 23 this request, how much money did you request from Congress?
- 24 Ms. Kraninger. Senator, the request the administration
- 25 submitted actually included an addendum to the letter that



- 1 said specifically additional funds would be requested.
- 2 Senator Menendez. Can you give me the dollar figure?
- 3 Ms. Kraninger. Senator, it was a specific amount for
- 4 the Disaster Relief Fund that actually applies to all the
- 5 disasters, not just--
- 6 Senator Menendez. And that amount was \$44 billion--
- 7 Ms. Kraninger. -- Texas, Florida, and Puerto Rico.
- 8 Senator Menendez. --was it not?
- 9 Ms. Kraninger. Yes, I believe that is correct. I do
- 10 not have--
- 11 Senator Menendez. And that was to be split among
- 12 Texas, Florida, Puerto Rico, and the U.S. Virgin Islands.
- 13 Is that correct?
- 14 Ms. Kraninger. Yes, Senator. It was also the third
- 15 request, and the note was made that there would be an
- 16 additional--
- 17 Senator Menendez. In November 2017's request to
- 18 Congress, you requested budget cuts to offset aid dollars
- 19 provided to Puerto Rico. In your extensive disaster
- 20 management experience, does Congress typically require
- 21 offsets for supplemental disaster funding?
- Ms. Kraninger. I am sorry, Senator. Does the Congress
- 23 normally--
- 24 Senator Menendez. Typically require offsets for
- 25 supplemental disaster funding.



- 1 Ms. Kraninger. Senator, my role specifically at OMB is
- 2 certainly to make recommendations. These are the requests
- 3 that the President is making at the Office of Management and
- 4 Budget.
- 5 Senator Menendez. Is the answer yes or no? Does
- 6 Congress typically require offsets for supplemental disaster
- 7 funding?
- 8 Ms. Kraninger. It has been a common--
- 9 Senator Menendez. You and I both know the answer is
- 10 no.
- 11 Ms. Kraninger. It has been a common conversation in
- 12 recent years, definitely, but again, it is the prerogative
- 13 of Congress--
- 14 Senator Menendez. It is not a common conversation.
- 15 The answer is no. You should know that. You know that.
- 16 Ms. Kraninger. It is a conversation that has been had,
- 17 Senator, and I appreciate your perspective on it.
- 18 Senator Menendez. Did you--amazing. Did you advocate
- 19 for unprecedented policies that would have conditioned
- 20 Puerto Rico's receipt of disaster relief funding on the
- 21 oversight of the island's unelected and unaccountable
- 22 control board?
- Ms. Kraninger. Senator, as I noted earlier in other
- 24 discussions, I do not think it is appropriate to
- 25 characterize my advice. You do see what the request was



- 1 that the administration provided to the Congress and that
- 2 Congress considered and that Congress--
- 3 Senator Menendez. In your emails you actually say that
- 4 you see a role for the board. Look, you were a significant
- 5 architect of the Trump administration's response in Puerto
- 6 Rico, which was, at best, botched and incompetent. At
- 7 worst, it reflects the administration's most insidious views
- 8 about Hispanic Americans. Three and a half million American
- 9 citizens who just happen to call Puerto Rico their home, but
- 10 they are American citizens like you and I are, faced their
- 11 darkest hour, and instead of turning to help them, you
- 12 pinched pennies. And worst of all, I think you treated them
- 13 like second-class citizens. That does not give me the faith
- 14 that when you are going to have to stand up for seniors,
- 15 servicemembers, students, homeowners against some of the
- 16 biggest financial institutions in this country that you will
- 17 do that. If you could not do it for the people of Puerto
- 18 Rico, I do not know how you are going to do it for anybody
- 19 else. And they are U.S. citizens, Ms. Kraninger.
- 20 Senator Corker. Thank you.
- 21 Senator Toomey?
- 22 Senator Toomey. Thank you, Mr. Acting Chairman, and I
- 23 want to thank our two guests today for their willingness to
- 24 serve.
- 25 Let me start with Ms. Reed. Thanks for coming by my



- 1 office. I appreciated the conversation that we had. And I
- 2 think it is no secret that I have been very concerned and a
- 3 skeptic about Ex-Im Bank, a skeptic about its fundamental
- 4 mission. In my view, it is by its nature intrinsically
- 5 forced to subsidize -- it forces taxpayers to subsidize
- 6 certain companies. It distorts markets. It necessarily
- 7 picks winners and losers by virtual of its very activity.
- 8 There have been episodes of waste and fraud and abuse.
- 9 Historically it has not been particularly responsive to
- 10 Congress. And despite all that, I was willing to vote to
- 11 confirm a quorum of board members, provided that a reformer
- 12 like Scott Garrett be leading this organization. Our pro-
- 13 Ex-Im Senators preferred not to have a quorum, and so that
- 14 is where we are.
- 15 However, consistent with my interest in seeing reforms,
- 16 I was pleased with your testimony. You emphasized a number
- 17 of areas where you have committed to us that you want to
- 18 pursue reforms, but I would like to just have a specific
- 19 series of questions that I would pose to you and just give
- 20 me a simple answer as to whether or not these are areas that
- 21 you would work with us for reform.
- So, specifically, will you work with me and other
- 23 members of this Committee and the Senate to increase
- 24 transparency at the Bank to the greatest extent that is
- 25 practicable without divulging confidential business



- 1 information?
- 2 Ms. Reed. Yes, sir.
- 3 Senator Toomey. Will you work with me and the
- 4 Committee to strengthen taxpayer protections against losses
- 5 from deals that go badly?
- 6 Ms. Reed. Yes, sir.
- 7 Senator Toomey. Will you work with me and members of
- 8 the Committee to improve protection for domestic companies
- 9 from economic harm that might arise from Ex-Im financings
- 10 with foreign competitors?
- 11 Ms. Reed. Yes, sir.
- 12 Senator Toomey. Will you work with us to ensure that
- 13 Ex-Im is not crowding out private financing options that
- 14 would otherwise be available but for Ex-Im's involvement?
- 15 Ms. Reed. Yes, sir.
- Senator Toomey. And will you work with me and the
- 17 Committee to crack down on bad actors, whether they are
- 18 employees of the Bank or its customers who should not be
- 19 dealing with the Bank?
- 20 Ms. Reed. Yes, sir.
- 21 Senator Toomey. And will you work with all of us and
- 22 the administration to meet the statutory requirement that we
- 23 work to reduce the reliance on ECAs globally?
- Ms. Reed. Absolutely.
- 25 Senator Toomey. Great. Thank you very much.



- 1 Ms. Reed. Thank you.
- 2 Senator Toomey. Ms. Kraninger, two things. One, under
- 3 the previous regime, the CFPB occasionally engaged in
- 4 imposing policies that had the effect of being a rule
- 5 without going through the Administrative Procedures Act.
- 6 They decided to use enforcement and quidance to impose their
- 7 will without following the legal requirement that they
- 8 subject such a proposal to the scrutiny that is called for
- 9 in the APA. There is one case, in fact, where it was so
- 10 egregious that the Senate acted to repeal the rule. The
- 11 indirect auto lending was exactly such a case where a
- 12 guidance was the mechanism they used to impose what should
- 13 have gone through the rulemaking process. Never did. The
- 14 Congress recognized that and has since repealed it.
- My question for you: Will you commit to using the
- 16 Administrative Procedures Act when the CFPB imposes new
- 17 rules?
- 18 Ms. Kraninger. Absolutely yes, Senator. It is
- 19 critical to the process.
- 20 Senator Toomey. Thank you.
- 21 Section 1071 of the Dodd-Frank Act unfortunately
- 22 instructs the Bureau to collect and compile data on small
- 23 business lending. I say "unfortunately" for a number of
- 24 reasons, not the least of which is this is meant to be a
- 25 consumer bureau, not a business bureau. But, nevertheless,



- 1 the law says what it says, and I understand you have to
- 2 comply with the law.
- My understanding is that Section 104 of S. 2155, which
- 4 was recently passed and signed into law, addresses the
- 5 challenge of overly intrusive data collection with respect
- 6 to small mortgage lending. So there is some relief built in
- 7 there. But it is narrow. It is narrow. It applies only to
- 8 the small mortgage lenders.
- 9 My understanding is that Section 1071 of Dodd-Frank
- 10 does allow the Bureau to make exceptions to small business
- 11 data collection. So my question for you is: In
- 12 implementing and complying with this part of Dodd-Frank,
- 13 this requirement, will you commit to working to minimize the
- 14 undue cost burden, administrative aggravation for small
- 15 business compliance with this part of the law?
- 16 Ms. Kraninger. Senator, I can absolutely commit to you
- 17 that the law will be carried out, and the authority given to
- 18 the Bureau to tailor that narrowly is certainly something
- 19 that I will look at, and I can pledge to you I will. This
- 20 is an ongoing action that the Bureau is looking at, and it
- 21 is an area, to your point, the law requires the Bureau to
- 22 act. So I do not want to prejudge it. At the same time, I
- 23 appreciate where you are coming from, and I understand the
- 24 need to limit--
- 25 Senator Toomey. And just very briefly, because I know



- 1 I am out of time, but can you confirm, do you agree with my
- 2 interpretation that 1071 is the only respect in which Dodd-
- 3 Frank mandates the Bureau to deal with small business?
- Ms. Kraninger. Senator, it is very clearly one, and I
- 5 have not read all of the enumerated consumer laws. As you
- 6 know, there are many. At the same time, I absolutely
- 7 believe that there is a limited intent for the Bureau to be
- 8 engaged in small business oversight or engagement there. So
- 9 that is something that should be limited.
- 10 Senator Toomey. Thanks, Mr. Chairman.
- 11 Senator Corker. Thank you, Senator Toomey.
- 12 Senator Tester?
- 13 Senator Tester. Thank you, Senator Corker. I
- 14 appreciate the recognition. Thank you, both of you, for
- 15 being here today.
- I am going to start out with you, Ms. Kraninger. It is
- 17 no secret that Mr. Mulvaney is no fan of the CFPB. That
- 18 aside, would you say that he has done a good job in his role
- 19 as Acting Director?
- 20 Ms. Kraninger. Senator, I would say that the Acting
- 21 Director has focused on two priorities: one--
- 22 Senator Tester. No, no, no, no. Just, please, I
- 23 know how to filibuster, you know how to filibuster. Just
- 24 answer the question.
- Ms. Kraninger. I understand.



- 1 Senator Tester. Has he done a good job?
- Ms. Kraninger. Senator, he is my current boss who I
- 3 respect greatly, and he has actually been focused on
- 4 implementing the law. From that standpoint, I would say
- 5 yes.
- 6 Senator Tester. Okay. So one of the things you had in
- 7 your four points that you were going to bring to the CFPB, I
- 8 want to focus on the second one: work closely with other
- 9 regulators and aggressively take actions against bad actors.
- 10 I think that is a noble thing to do.
- Mr. Mulvaney has pulled back the payday lending rule.
- 12 He has eliminated the Office of Students and Young
- 13 Consumers. He has pulled back the prepaid accounts rule.
- 14 And he has done more things than, quite frankly, I have got
- 15 fingers. Okay? Did you support him in those then? Do you
- 16 think those are the right actions to take? Because it goes,
- 17 in my opinion, contrary to your number two plank of what you
- 18 are bringing to the agency.
- 19 Ms. Kraninger. I understand your interest. I will
- 20 attempt not to filibuster, Senator. I have to say that I
- 21 will take aggressive action, if I am confirmed, and I do
- 22 believe that the Acting Director, you know, has information
- 23 that I do not have available--
- Senator Tester. Do you plan on reinstating, for
- 25 instance, the payday lending rule?



- 1 Ms. Kraninger. Senator, it is under active
- 2 consideration, and from that vantage point, it is not--
- 3 Senator Tester. Okay. Are you going to recommend that
- 4 they reinstate the payday lending rule?
- 5 Ms. Kraninger. I think it is important to let the
- 6 process happen on this, because it is actively under
- 7 reconsideration, and so it is not appropriate to comment. I
- 8 understand your interest in it, sir.
- 9 Senator Tester. So, look, you have probably got the
- 10 votes to get confirmed, but I have got to tell you that I
- 11 have listened to the questions that have been asked here
- 12 today, and you can answer the questions. You really can.
- 13 All you have got to do is answer them. You are going to be
- 14 the head of this agency. You are going to be leading this
- 15 agency. Your recommendations are going to count for
- 16 something. And so it would be really helpful for me to
- 17 know, if I am going to vote for you or not vote for you,
- 18 where you are at--where you are at, not the people under
- 19 you.
- 20 Okay. Let me ask you another one. One of the other
- 21 things that Mulvaney did is he appointed political folks to
- 22 track career folks within the agency, the same folks that
- 23 you said that you are going to be looking forward to working
- 24 with. Do you intend to keep those political folks on board
- 25 within the agency if and when you become Director of the



- 1 CFPB?
- 2 Ms. Kraninger. Senator, I am going to take every staff
- 3 member individually and have a conversation with them to
- 4 understand what they have been working on and what they
- 5 would like to continue to work on. But I have not prejudged
- 6 having political or career staff continue. I think it is
- 7 appropriate to give them that opportunity to have the
- 8 conversation.
- 9 Senator Tester. Okay. So you oversaw the Treasury
- 10 Department in your position at OMB, correct, as one of the
- 11 seven agencies that you oversaw?
- 12 Ms. Kraninger. Yes, Senator.
- 13 Senator Tester. Okay. Earlier this week, the Treasury
- 14 Department and the IRS announced that -- it was one of the
- 15 swampiest decisions that I, quite frankly, have ever seen.
- 16 They have made a decision to allow for these (c) (4)s not to
- 17 have to report money that they have received, nonprofits,
- 18 allowing donations to those (c)(4)s over \$5,000 not have to
- 19 be reported to the IRS. Do you agree with that decision?
- 20 Ms. Kraninger. Senator, I understand that they
- 21 published that decision. I can tell you I did not have a
- 22 role in it.
- 23 Senator Tester. I know, but do you agree with that
- 24 decision? Whether you had a role or not, do you agree with
- 25 that decision?



- 1 Ms. Kraninger. Since I have not read the law in that
- 2 area and gotten into detail--
- 3 Senator Tester. So it is going to allow these
- 4 organizations not -- to basically hide where they got their
- 5 money. Is that okay?
- 6 Ms. Kraninger. Senator, I think they looked at the law
- 7 and the requirements and came forward with the policy
- 8 decision.
- 9 Senator Tester. Okay. So let me ask you this: The
- 10 number one thing that you are going to bring to the Bureau
- 11 is transparency and accountability. Can you tell me how
- 12 that decision, just sitting on the outside looking in,
- 13 whether you have oversight of that agency or not, the
- 14 Treasury Department, how you could actually say, "You know,
- 15 I do not have an opinion on it," when it deals exclusively
- 16 with transparency?
- 17 Ms. Kraninger. And, Senator, I can tell you at the
- 18 Bureau that I am committed to that.
- 19 Senator Tester. So let me ask--I am not even going to
- 20 ask. I am just going to make a statement. I liked your
- 21 document that you gave us that was your opening statement.
- 22 It said a lot of good things that I agree with: protecting
- 23 data, we could get into Equifax, I am not sure we would get
- 24 any answers. Accountability for actions, I like that.
- 25 Transparency, working closely, holding bad actors -- but, by



- 1 the way, your answers did not reflect those values at all.
- 2 Thank you, Mr. Chairman.
- 3 Chairman Crapo. [Presiding.] Senator Tillis.
- 4 Senator Tillis. Well, welcome. Before I get into some
- 5 of the questions primarily towards Ms. Kraninger, Ms. Reed,
- 6 I want to talk a little bit about what we--thanks to both of
- 7 you for coming to the office, but I want to talk a little
- 8 bit about why I believe the Ex-Im needs to become
- 9 functioning again. I think that you in your opening
- 10 testimony talked about an increased number of equivalent
- 11 agencies in the global markets.
- I for one think that we have got to get away from this
- 13 either/or proposition with Ex-Im and start talking about the
- 14 reality that if we do not have this in our toolkit, when we
- 15 are competing in the global markets, that we disable
- 16 ourselves much the same way a State would get out of
- 17 economic incentives. Do you agree with that?
- 18 Ms. Reed. Yes, sir.
- 19 Senator Tillis. Do you also agree that there may be
- 20 things that could make the Ex-Im Bank less politicized if we
- 21 worked on improving that but for the involvement of the Ex-
- 22 Im Bank, the transaction would not necessarily go the
- 23 positive way? And can I get your commitment to come back
- 24 either to my office or before this Committee to tell us what
- 25 that would look like so that hopefully we can get to a



- 1 better place and better certainty for the long-term interest
- 2 of the Ex-Im Bank?
- 3 Ms. Reed. Absolutely.
- 4 Senator Tillis. Thank you. Thank you for your
- 5 service. I look forward to supporting your nomination.
- 6 Ms. Kraninger, there are a lot of people that asked a
- 7 lot of questions and gave you a limited amount of time to
- 8 answer. Are there any things that you would like to respond
- 9 to here before I ask you a couple of questions?
- 10 Ms. Kraninger. Thank you, Senator, for that
- 11 opportunity. I recognize that Senator Tester wanted to hear
- 12 a little bit more about my views. I can certainly talk
- 13 about the challenges with the payday lending arena.
- 14 I do take the point of the conversation that I have had
- 15 with Senator Brown on the challenges for hardworking
- 16 Americans out there, and I think what would be helpful is
- 17 continued competition in the small dollar lending space. So
- 18 I would say that Comptroller Otting's action in trying to
- 19 work with traditional banks to bring additional products and
- 20 services to the market is something that would be useful.
- 21 But I certainly--it is a difficult position to be in because
- 22 it is on the regulatory docket for the agency. I know that.
- 23 And it is something that cannot be prejudged, and so I
- 24 respect the process there. But I certainly have spent some
- 25 time looking at this issue and look forward to further



- 1 getting into it.
- 2 Senator Tillis. I think in the opening testimony the
- 3 Ranking Member talked about folks on our side of the aisle
- 4 who have been working hard to defang the CFPB, and I am one
- 5 of those because I think if you look up "defang" in the
- 6 dictionary, it has something to do with taking the fangs out
- 7 of a snake to make it less poisonous or less threatening.
- 8 And in my opinion, the CFPB has a great title--Consumer
- 9 Financial Protection Bureau, or the new title now--but the
- 10 reality is I think that it is the first agency of its kind
- 11 that is not accountable, arguably, to anybody, because after
- 12 you get confirmed, for a period of time, just like your
- 13 predecessor, you do not even really answer to the President.
- 14 You certainly do not answer to the Congress.
- When Mick Mulvaney, Director Mulvaney, was here, I was
- 16 struck by his goal of trying to convince us that they should
- 17 be an agency that is more accountable to the President. Do
- 18 you or do you not share Director Mulvaney's view that this
- 19 is an agency that is sort of unlike anyone with great power
- 20 and not accountability and that that is not good for any
- 21 area of Government?
- Ms. Kraninger. Clearly, Senator, the Congress through
- 23 the Dodd-Frank Act gave the Bureau incredible powers and
- 24 incredible independence from both the President and the
- 25 Congress in its structure. I have noted that my focus is on



- 1 running the agency as Congress established it, but certainly
- 2 working with Members of Congress, I am very open to changes
- 3 in that structure that will make the agency more accountable
- 4 and more transparent.
- Senator Tillis. Well, for those who are not going to
- 6 support your nomination, I for one think that this is a
- 7 great time for us to come together and actually move that
- 8 accountability and funding back into Congress so that they
- 9 could actually have some say, because the fact of the matter
- 10 is you, like Mick Mulvaney, do not really have to care--but
- 11 for maybe your interest in democracy and respect for
- 12 Congress, you do not have to care one bit about our opinions
- 13 about your activities. And unless we get to a point where
- 14 it is accountable, becomes accountable to Congress, that is
- 15 going to continue. And I for one hope that you go out there
- 16 and you work on clawing back regulations that on the surface
- 17 look like they are passed for protection of the consumer,
- 18 but in many cases they are harmful ultimately to the
- 19 consumer, either in terms of cost or access to capital.
- I look forward to supporting your nomination. I also
- 21 welcome your family and friends here. The nominees are
- 22 going just fine, and I look forward to supporting both of
- 23 you on the floor.
- 24 Chairman Crapo. Senator Warner.
- 25 Senator Warner. Thank you, Mr. Chairman. And I want



- 1 to say welcome to the witnesses. Ms. Reed, I look forward
- 2 to supporting you. You are a lucky witness this morning
- 3 since your colleague is receiving most of the attention.
- I am sorry Senator Corker is no longer here. I was
- 5 here at the start of Dodd-Frank and CFPB. Senator Corker
- 6 and I worked very, very closely together. If my memory
- 7 serves, the original proposals around CFPB were to set it up
- 8 as more of a traditional agency with traditional oversight.
- 9 But it was then some members of the minority's position that
- 10 they did not want to create a new box, a new entity, so it
- 11 was put in this, I agree, rather unique framework inside the
- 12 Fed with that certain funding stream. But I think the
- 13 history would demonstrate that that was how the rather
- 14 unique aspects of the CFPB came to be.
- 15 Ms. Kraninger, I want to drill down in a couple
- 16 specific areas. I think in every aspect of the CFPB work,
- 17 it needs to make sure that you use data to analyze problems
- 18 and really make data-driven decisions rather than agenda-
- 19 driven decisions. Senator Warren and I submitted a comment
- 20 to the CFPB expressing our deep concern about Director
- 21 Mulvaney's skepticism of data collection by the CFPB, and I
- 22 think he has expressed an ongoing hostility towards data
- 23 collection and the use of data. As an example, he froze
- 24 collection of personal data for nearly 6 months, got rid of
- 25 a planned survey on debt collection disclosures. And I am



- 1 deeply concerned that one of your four priorities was to
- 2 limit data collection to what is "needed and required by
- 3 law." And I know as well--and I have been somebody who has
- 4 favored cost-benefit analysis, but how do you do a cost-
- 5 benefit analysis that is going to be accurate and adhere to
- 6 fact-based if you are not able to do appropriate data
- 7 collection to influence your decision? How can we be
- 8 assured that it is then not going to be a political-driven
- 9 agenda rather than a data-based agenda?
- 10 Ms. Kraninger. Senator, I appreciate the question. I
- 11 am absolutely committed to data-driven decisionmaking, and
- 12 should I be confirmed, that would be a focal point at the
- 13 Bureau. I take your point, but I think again, to the extent
- 14 that it is supporting that decisionmaking, the data
- 15 collection would be needed and required.
- I also think it is important to distinguish here
- 17 between the data that comes through the requests for
- 18 information that are out to the public. There are a number
- 19 of sources of evidence that come beyond the entities that
- 20 the Bureau is supervising directly, and so ensuring that
- 21 consumer groups have the opportunity to respond, to provide
- 22 information, using the benefit of a lot of the academics
- 23 that are there, looking at this area--
- 24 Senator Warner. I would just simply say, though, that
- 25 if we are going to do a rulemaking on debt collection



- 1 practices without talking to those people who have been
- 2 targets, customers, consumers, users of those debt
- 3 collection services, I do not know how you can reach a
- 4 conclusion.
- Now, I come and can live with the Ranking Member and
- 6 many on this side. We do not always agree. I generally
- 7 come with a pro-business bias. I have been in business
- 8 longer than politics. But I have got to tell you, I think
- 9 the power in most business-consumer relationships has
- 10 shifted away from the consumer towards business. And I see
- 11 this particularly, as we discussed a little bit, in the
- 12 circumstances around the credit reporting agencies. You and
- 13 I have no option to choose to be customers or not of credit
- 14 reporting agencies. And I am very concerned not only in
- 15 credit reporting but as we move into increased areas around
- 16 social media and elsewhere, I am not sure that even a
- 17 relatively informed consumer can simply sign away all of
- 18 their rights with this growing imbalance where the business
- 19 has all the information, all the data, all the tech tools,
- 20 and you are stuck with a "Click here, I agree," in print
- 21 that no one could read, or even if you could read, you could
- 22 not necessarily understand.
- 23 Are you concerned about this imbalance between
- 24 business' ability to collect consumers' data knowingly, and
- 25 oftentimes unknowingly? And what do you think the CFPB



- 1 should do to help protect consumers in this growing arena?
- 2 Ms. Kraninger. Senator, I appreciate the question and
- 3 enjoyed the conversation that we had. Specific to the
- 4 credit reporting agencies, just to take that, because that
- 5 it is a critical area where the Bureau is spending a
- 6 significant amount of time, I look forward to the results of
- 7 the Equifax investigation to understand what is happening
- 8 there, to look at what the Bureau staff has found in terms
- 9 of the concerns, and I do think that the customer
- 10 relationship there is really between the agencies and the
- 11 financial institutions. So ensuring that the consumer is
- 12 protected in that situation and that they are really
- 13 limiting the information they are collecting to what is
- 14 appropriate and that they are protecting it and that the
- 15 consumer has a measure of control and involvement in that
- 16 going forward is certainly something that makes sense to me.
- 17 And I look forward to getting into that more with the
- 18 Federal Trade Commission and the Bureau staff, if confirmed.
- 19 Senator Warner. My time has expired. But, Mr.
- 20 Chairman, I just wanted to note for the record I appreciate
- 21 your interest in this subject, the fact that we have had a
- 22 couple of hearings. I have got to tell you, if this
- 23 Committee takes up any other legislative activities this
- 24 year, it is going to be my intent to make sure that credit
- 25 reporting, appropriate guard rules and the fact that it is a



- 1 year after Equifax and still nothing has happened, that is
- 2 going to be at the top of my priority list, and I hope we
- 3 will be able to work together.
- 4 Thank you.
- 5 Chairman Crapo. It is a high priority for me, too, as
- 6 well as data collection in general, as I have discussed with
- 7 several of you, and I hope that we can prioritize that and
- 8 make progress.
- 9 Senator Warren?
- 10 Senator Warren. Thank you, Mr. Chairman.
- 11 So one thing consumers need in a CFPB Director is
- 12 someone who is willing to stand up to powerful people on
- 13 behalf of those who do not have power. And that is why I
- 14 want to focus on the Trump administration's child separation
- 15 policy.
- Since March of 2017, you have been the head of the
- 17 General Government Programs at the Office of Management and
- 18 Budget. Is that right, Ms. Kraninger?
- 19 Ms. Kraninger. That is correct.
- 20 Senator Warren. It is an important job. The General
- 21 Government Programs Division at OMB is in charge of
- 22 overseeing both the Department of Japanese and the
- 23 Department of Homeland Security. Is that right?
- Ms. Kraninger. Yes, Senator.
- 25 Senator Warren. And according to the disclosures you



- 1 submitted to this Committee, you "serve as OMB's principal
- 2 policy official" for issues related to the departments and
- 3 agencies you oversee. Is that right?
- 4 Ms. Kraninger. Yes, Senator.
- 5 Senator Warren. So the Justice Department and Homeland
- 6 Security are the two agencies most responsible for taking
- 7 children away from their parents at the border, and you
- 8 oversee policy issues at both agencies. But for a month
- 9 now, you have refused to respond to Ranking Member Brown's
- 10 and my request for information for documents relating to
- 11 your role in child separations. And when we met in my
- 12 office last week, you refused over and over to give me a
- 13 straight answer about your role.
- 14 So today you have given a very lawyerly and limited
- 15 answer. You are dodging. The answers have also been
- 16 contradictory. You have said you have no role in setting
- 17 the policy, but you also cannot describe the advice you gave
- 18 on the policy, which means it raises a question, which is
- 19 that you had no role or you had a role and you cannot
- 20 describe it.
- 21 So I am going to ask you again under oath: Were you
- 22 involved in any way in developing or implementing the
- 23 policies that led this administration to take thousands of
- 24 children away from their parents at the border?
- 25 Ms. Kraninger. Senator, I had no role in setting the



- 1 policy. As we discussed, I was unaware--
- 2 Senator Warren. Please answer my question. It was
- 3 developing or implementing.
- 4 Ms. Kraninger. I had no role in developing it in terms
- 5 of its announcement by the Attorney General, so I was not
- 6 aware of that--
- 7 Senator Warren. So you did not help the Attorney
- 8 General announce it, but otherwise, did you help develop or
- 9 implement this policy?
- 10 Ms. Kraninger. Subsequent to the Attorney General's
- 11 announcement, there were meetings within the administration
- 12 on the general topic of the implementation, and, again, the
- 13 Office of Management and Budget does actually participate --
- 14 Senator Warren. So is that a yes?
- 15 Ms. Kraninger. --in those meetings.
- 16 Senator Warren. You were involved? That is a yes?
- 17 Ms. Kraninger. Senator, again, I do not want to
- 18 characterize the advice, as I noted--
- 19 Senator Warren. Well, Ms. Kraninger, I am asking you a
- 20 pretty straightforward yes or no question, and I will remind
- 21 you you are under oath, and lying to Congress is a crime. I
- 22 will also remind you that many of the documents I have
- 23 requested about your role in this policy could eventually
- 24 become public under the Freedom of Information Act.
- 25 So let me ask again the specific question: Were you



- 1 involved in developing or implementing the policies that led
- 2 to children being taken away from their parents at the
- 3 border?
- 4 Ms. Kraninger. Senator, it is difficult to separate
- 5 the advice--
- 6 Senator Warren. I will take that as a yes then.
- 7 Ms. Kraninger. --and so as I said, I will not
- 8 characterize the advice that was provided on the analysis or
- 9 otherwise--
- 10 Senator Warren. I am not asking you to characterize.
- 11 I asked you a simple yes or no question. According to
- 12 reports, in some cases the Trump administration is not sure
- 13 which children belong to which parents. As of Monday, the
- 14 administration had not identified the parents of 71
- 15 separated children, which means right now they cannot be
- 16 reunited.
- 17 DHS is the agency that took parents away from their
- 18 young children. Did you work with DHS to create a plan for
- 19 eventually reuniting these children with their parents?
- 20 Ms. Kraninger. Senator, again, I cannot characterize
- 21 my advice, but as we also discussed, since I was nominated
- 22 to this position--
- 23 Senator Warren. I asked just did you--
- Ms. Kraninger. -- I have not been involved--
- 25 Senator Warren. --work with them on a plan. I did not



- 1 ask what the plan was, what advice you gave. Did you work
- 2 with them on a plan to reunite these children who were taken
- 3 away from their parents?
- 4 Ms. Kraninger. I understand the question, Senator, but
- 5 it becomes a slippery slope in terms of characterizing the
- 6 advice that was provided or the analysis or the questions
- 7 that were raised. Again--
- 8 Senator Warren. No, it is not a slippery slope--
- 9 Ms. Kraninger. -- I do not want to characterize any of
- 10 that.
- 11 Senator Warren. You do not want to characterize
- 12 because you do not want to admit that you had something to
- 13 do with this. You know, this was a policy that was designed
- 14 to traumatize children and families as a way of scaring them
- 15 away from the border, even if they were seeking asylum, even
- 16 if they were fleeing death threats, gang violence, rape,
- 17 domestic abuse.
- 18 White House Chief of Staff Kelly said that the whole
- 19 point of this was "to be a tough deterrent." The American
- 20 Academy of Pediatrics says that being separated from their
- 21 parents for weeks or months can cause these children
- 22 irreparable, lifelong physical and psychological harm. Do
- 23 you think that purposefully inflicting that on innocent
- 24 children is immoral?
- 25 Chairman Crapo. And please make your answer brief.



- 1 Ms. Kraninger. Senator, I think there are many
- 2 heartbreaking stories that appear in the news every day from
- 3 the conversation we had about American families,
- 4 hardworking, who are affected by--
- 5 Senator Warren. It is a simple yes or no question. Do
- 6 you believe that it is immoral to set up a plan whose
- 7 deliberate intent is to inflict harm on children?
- 8 Ms. Kraninger. Senator, it is not appropriate for me
- 9 to provide my personal opinion and internal deliberations
- 10 and discussions on this matter.
- 11 Senator Warren. Almost every member of this Committee,
- 12 Democrat and Republican, has denounced this policy. Even
- 13 President Trump, when he signed the Executive order ending
- 14 child separation, said, and I will quote: "I did not like
- 15 the sight or the feeling of families being separated." But
- 16 you cannot have an opinion on this? You know, I went to the
- 17 border last month. I met a mother who was torn away from
- 18 her 7-year-old little boy in the middle of the night. She
- 19 could not stop crying. All she could say over and over and
- 20 over is, "I never even had a chance to say good-bye." She
- 21 had not seen her little boy for weeks. She had no idea
- 22 where he was.
- 23 You see the videos of some of these children being
- 24 returned to their parents after long separations. They are
- 25 dazed. They are unsmiling. They are dirty. It is like the



- 1 life has been sucked out of them. These are innocent
- 2 children who may be scarred forever by this policy. It is
- 3 fundamentally immoral, and you--you--were part of it, Ms.
- 4 Kraninger. It is a moral stain that will follow you for the
- 5 rest of your life. And if the Senate votes to give a big
- 6 promotion to you after this, then it is a stain on the
- 7 Senators who do so.
- 8 Chairman Crapo. Senator Cortez Masto--oh, excuse me.
- 9 I apologize. I did not see Senator Moran come in. Senator
- 10 Moran.
- 11 Senator Moran. I think Senator Rounds is first.
- 12 Chairman Crapo. Oh, excuse me. Senator Rounds.
- 13 Senator Rounds. Thank you, Mr. Chairman.
- 14 Mr. Chairman, what I would like to do is, once we have
- 15 got the noise cleared up here, we will turn around and we
- 16 will go back and ask some questions of both of our two
- 17 witnesses. Thank you.
- 18 Let me just begin with Ms. Reed. Your role coming in
- 19 as a chairperson is to make certain that this particular
- 20 institution, this Bank, is capable of competing with other
- 21 similar type institutions from around the country and
- 22 providing services so that we can again properly export to
- 23 other countries. I think some people think that is
- 24 inappropriate, that a Government would provide a service. I
- 25 do not. I think that is appropriate that we be competitive.



- 1 Can you share very briefly your thoughts with regard to the
- 2 appropriateness of competing with other countries and
- 3 providing our businesses with that same type of service so
- 4 they can compete?
- 5 Ms. Reed. Absolutely, sir. Thank you. As I mentioned
- 6 in my opening statement, if we are not at the table, we are
- 7 unilaterally disarmed, and our competitors will take those
- 8 jobs that should be U.S. jobs through their own ECA
- 9 programs. And I want to be sure in this time when we have
- 10 109 other ECAs competing against the United States that we
- 11 are there. I think that is so important.
- I know that the Export-Import Bank has a very specific
- 13 role. It is a tool in the toolbox. Dan Runde with CSIS
- 14 published an op-ed in The Hill earlier this week, and he
- 15 lays out the world of China; you know, they are using their
- 16 export-import bank, along with many other tools, to be
- 17 present through their Belt and Road policy all around the
- 18 world. And we need to be there not only because we need to
- 19 be for national security reasons, part of the President's
- 20 economic -- economic security is national security, and so Ex-
- 21 Im is part of that. But we need to be there for our
- 22 workers. I want our workers having these jobs.
- 23 Senator Rounds. You know, I was very pleased with the
- 24 response that you gave to Senator Toomey. I think Senator
- 25 Toomey had expressed concerns that the Ex-Im has in the past



- 1 picked winners and losers. I was very happy to hear you
- 2 comment on the fact that you will work with us to make
- 3 certain that some of those things that may have occurred in
- 4 the past with regard to picking winners and losers would not
- 5 be in the future, so thank you for that. I appreciate that.
- 6 Ms. Kraninger, first of all, let me just--I understand
- 7 that sometimes we run out of time here, and there are some
- 8 things which we, as Senators, we try to get a lot of
- 9 questions in in a short period of time. But sometimes that
- 10 also means that we do not give you the opportunity to
- 11 clearly lay out your thoughts and to answer questions. I
- 12 think that has occurred today. And, in fact, you have been
- 13 the object so that individuals here that have disagreements
- 14 with the administration's policies and their attempts to
- 15 enforce border security and so forth, and they have used you
- 16 as the object. I would like to give you an opportunity to
- 17 perhaps more fully answer any questions that you think you
- 18 may not have had the opportunity to answer with regard to
- 19 any of your activity at OMB and the responsibilities that
- 20 you had at OMB, recognizing that it may in many cases just
- 21 simply be to provide advice.
- 22 Would you like to share with us a little bit, perhaps
- 23 more fully answer the questions that some other members
- 24 really were interested in but probably did not have enough
- 25 time to allow you to answer?



- 1 Ms. Kraninger. Thank you, Senator. I appreciate that
- 2 opportunity. The Office of Management and Budget is truly a
- 3 unique organization in the Government because it has such a
- 4 broad reach into all of the activities across Government.
- 5 It is kind of a microcosm. And my portfolio is the
- 6 broadest. So the level of engagement that I have in any
- 7 particular issue or with any particular department or agency
- 8 does vary substantially. So the question with respect to
- 9 the IRS rule, I was aware of it happening. I know that my
- 10 staff reviewed it. But, again, I did not have a role in
- 11 developing that.
- 12 With respect to the response to, again, the horrible
- 13 disasters last fall, because there was clear need for
- 14 additional resources, the Office of Management and Budget
- 15 was very engaged. And, in addition, with respect to Puerto
- 16 Rico, the Treasury Department had a deep role working with
- 17 the Government, with the oversight board that was
- 18 established by Congress to look at the future of Puerto
- 19 Rico. And so that is something that, again, there have been
- 20 many meetings on.
- I would also like to note that there are many
- 22 hardworking men and women across the administration, at the
- 23 State level, in the private and nonprofit sectors that were
- 24 very engaged in the hurricane response. And so it is an
- 25 honor to support them and look at the resource needs that



- 1 were brought forward and to submit to Congress the resources
- 2 that we believe were fully justified and for Congress to
- 3 consider that.
- Senator Rounds. Let me just--and I know my time has
- 5 expired, but I would ask the Chairman for just a little
- 6 leniency after the last questions that were asked, just to
- 7 clarify this. You are responsible for over \$250 billion in
- 8 budgetary resources for 7 Cabinet departments and 30 other
- 9 Federal agencies, including the Treasury Department,
- 10 Department of Housing and Urban Development, the Bureau, and
- 11 all of the financial regulators. You also serve as OMB's
- 12 principal policy official for issues related to those
- 13 departments and the agencies.
- I just get the sense that somehow with the huge number
- 15 of items that are in front of you, how much do you get into
- 16 the specific details? And do you have the opportunity to
- 17 come back in and say, "Wait a minute, I disagree with a
- 18 particular policy, I can stop it, or I can change it"? Or
- 19 do you offer advice?
- 20 Chairman Crapo. And, again, please keep your remarks
- 21 brief.
- Ms. Kraninger. Thank you, Senator. It is definitely
- 23 an opportunity to offer advice. The involvement level
- 24 really does vary substantially based on the President's
- 25 priorities, the Director's priorities, the agency heads'



- 1 priorities, how much authority they have on their own.
- 2 Senator Rounds. One last item on it. Is your advice
- 3 always taken?
- 4 Ms. Kraninger. Senator, I wish that it were, but, no,
- 5 my advice is not always taken. At the same time, I am also
- 6 fallible. But I offer my best advice based on the
- 7 information available.
- 8 Senator Rounds. Thank you.
- 9 Ms. Kraninger. Thank you.
- 10 Senator Rounds. Thank you, Mr. Chairman.
- 11 Chairman Crapo. Thank you.
- 12 Senator Schatz?
- 13 Senator Schatz. Thank you, Mr. Chairman. Thank you,
- 14 Ms. Kraninger and Ms. Reed. Thank you for your willingness
- 15 to serve.
- I just want to follow up on the line of questioning
- 17 around family separation. I understand you cannot
- 18 characterize the advice you gave, but I am wondering if we
- 19 can get some sense of what categories they were in. Was it
- 20 legal advice? Was it compliance advice? Was it advice
- 21 related to execution? Because I think if--I am not sure I
- 22 agree with you about deliberative product. I am not sure I
- 23 agree with you about the sort of vague assertion of--I do
- 24 not know if it is privilege that you are asserting or a
- 25 personal judgment that you are making or on the advice of



- 1 counsel, and maybe we can get into that. But let us set
- 2 that aside for a moment. I think it is fair for us to know
- 3 kind of broadly what you did, not how you advised people,
- 4 not how you executed, but were you advising on
- 5 implementation? Were you advising on compliance? Were you
- 6 providing legal counsel? Were you providing political
- 7 advice? Can you just characterize what you were doing?
- 8 Ms. Kraninger. So, Senator, with respect to the Office
- 9 of Management and Budget's role, which does characterize my
- 10 role, the Director's role, myriad meetings talking about the
- 11 agencies as they were executing the policy, and we do have
- 12 at OMB a role for providing perspective on the budgetary
- 13 resources necessary, any regulatory issues to be addressed--
- 14 Senator Schatz. Why the third person here? Like, "we
- 15 have a role"? Every time we ask you about what you did, you
- 16 say, "OMB has a role," and then it becomes this kind of
- 17 description of this faraway bureaucrat. It was you, and I
- 18 am just asking you so that we can establish a little trust.
- 19 You can just sort of characterize what you talked about, not
- 20 to describe the contents of what you talked about but,
- 21 broadly, were you giving legal advice? Were you giving
- 22 political advice? Let us start with that. Were you giving
- 23 legal advice?
- Ms. Kraninger. Senator, if I could respond to the
- 25 point you are making because it goes to the heart of the



- 1 matter. My conversation with Senator Rounds, the reason why
- 2 I am saying the Office of Management and Budget is because,
- 3 as Senator Warren and I discussed in her office, I am
- 4 responsible for my staff.
- 5 Senator Schatz. No. I get that.
- 6 Ms. Kraninger. So I do have staff involvement. I am
- 7 also providing advice to the Director--
- 8 Senator Schatz. Ms. Kraninger, I do not have a lot of
- 9 time--
- 10 Ms. Kraninger. I am sorry, Senator.
- 11 Senator Schatz. Did you give legal advice?
- 12 Ms. Kraninger. Senator, it is not appropriate for me
- 13 to give legal advice, really. It is the purview of the
- 14 Office of Management and Budget to weigh in on regulations,
- 15 budgetary resources, those kinds of things.
- Senator Schatz. Weighing in on regulations, what does
- 17 that mean?
- 18 Ms. Kraninger. So, for example, anything that involves
- 19 data collection, requires notice under the Privacy Act,
- 20 whether it is a system of records, notice, submission, or a
- 21 data collection or--
- 22 Senator Schatz. So compliance--can you just please,
- 23 like rather than me playing 20 Questions with you, can you
- 24 please try to characterize your role in this without running
- 25 afoul of whatever principle that you articulated earlier,



- 1 and in as simple and personal terms as we can get to where
- 2 you can say, "This is basically what I did for them. Now I
- 3 am not going to tell you exactly how I advised them or how
- 4 I"--"or get into deliberative product." I understand your
- 5 position on that. But can you not characterize anything
- 6 more than OMB generally does this and that would apply to
- 7 this situation, too?
- 8 Ms. Kraninger. Senator, I have said that I had no role
- 9 in setting the policy--
- 10 Senator Schatz. Yeah, I got that.
- 11 Ms. Kraninger. -- and that there--
- 12 Senator Schatz. So what did you do?
- 13 Ms. Kraninger. --had been--there were a number of
- 14 meetings on immigration and border security policy, writ
- 15 large, that I participated in, that I supported the Director
- 16 and the Deputy Director in their participation, and that my
- 17 staff participated in and then came back and told me the
- 18 nature of--
- 19 Senator Schatz. I have to tell you--
- 20 Ms. Kraninger. -- the discussion.
- 21 Senator Schatz. -- I do not do hearings so I can put a
- 22 clip up on YouTube. I do not operate that way. And I am
- 23 trying to get an answer from you, and I just cannot. And it
- 24 is maddening because this is not a trivial aspect of your
- 25 basic qualifications for the job. You are coming in and



- 1 asserting that you are a manager, and you cannot
- 2 characterize anything that you are doing as a manager.
- 3 Let me ask you one final question. Is your position,
- 4 which is that that would get into deliberate product, is
- 5 that on the advice of counsel?
- 6 Ms. Kraninger. Senator, the documents that were
- 7 requested in the letter is something that I have shared with
- 8 the appropriate officials, and that includes the Office of
- 9 Management and Budget General Counsel.
- 10 Senator Schatz. Okay. But did counsel give you advice
- 11 and tell you not to answer these questions?
- 12 Ms. Kraninger. Senator, we certainly had a lot of
- 13 preparation for this hearing and discussion about the right
- 14 answers--
- 15 Senator Schatz. Yeah, so did--
- 16 Ms. Kraninger. --but I will say--
- 17 Senator Schatz. Did you get legal advice?
- 18 Ms. Kraninger. --my answers are my own.
- 19 Senator Schatz. Did you get legal advice?
- 20 Ms. Kraninger. Not per se legal advice, sir. I am not
- 21 asserting privilege. It is not for me to do that certainly
- 22 in this state, but I am saying that I want to preserve the
- 23 deliberative process and that that is an important thing to
- 24 preserve, similar to conversations that many of you have had
- 25 or I have had with Senators that I have worked with. It is



- 1 important to keep those discussions--
- Senator Schatz. And is that your personal judgment or
- 3 is that the--is that on the basis of advice from either the
- 4 GC or from the White House?
- 5 Ms. Kraninger. Senator, it is fair to say that there
- 6 were discussions in preparation for this process that I did
- 7 have others weigh in in terms of giving me advice on how to
- 8 respond. But my responses are my own.
- 9 Senator Schatz. Thank you.
- 10 Chairman Crapo. Senator Moran.
- 11 Senator Moran. Mr. Chairman, thank you very much.
- 12 Thanks to both of our nominees for being with us today. I
- 13 look forward to working with both of you should you be
- 14 confirmed in the capacities that you have been nominated to
- 15 fill.
- 16 Ms. Kraninger, I would start with you. I want to let
- 17 you know how much I appreciate the working relationship that
- 18 you and I have had in your capacity here on the
- 19 Appropriations Committee in the United States Senate as well
- 20 as your work at the Office of Management and Budget and
- 21 indicate to you that I appreciate the diligence with which
- 22 you have pursued my inquiries and issues that I raised in
- 23 both of those capacities. The thoughtful and articulate way
- 24 that you communicated with me about responses and the lack
- 25 of partisanship in the issues that we were dealing with was



- 1 clearly demonstrated to me, and I am grateful for your
- 2 professional approach to the way that you conducted your
- 3 work, at least in the experience that I have had with you
- 4 over the last several years during my time as United States
- 5 Senator.
- 6 My observation about the hearing today on your
- 7 nomination reminds me of the first piece of legislation that
- 8 I introduced as a United States Senator related to financial
- 9 services and banking, and that was, among other things, the
- 10 belief that this entity should be governed by a board.
- 11 While there seems to be relish in having the opportunity to
- 12 question you as a potential Director of the Consumer
- 13 Financial Protection Bureau, maybe we would enjoy it if we
- 14 had three or four or five more opportunities to do so in
- 15 having other people confirmed. And the point, said somewhat
- 16 with a smile, that we would want to go through this four
- 17 more times, but the point I would make is there is a
- 18 diversity of views on this Committee and in this country
- 19 about the role of a Consumer Financial Protection Bureau. I
- 20 am of the view that Republicans made a significant error, at
- 21 least in some, in saying we are going to repeal Dodd-Frank
- 22 and end its reign, and the reaction, unfortunate reaction,
- 23 to that was many Democrats who said, "You are not going to
- 24 touch the issues associated with Dodd-Frank." So we put
- 25 ourselves in corners that then caused us to be unable to



- 1 solve problems that clearly existed as a result of the
- 2 passage of Dodd-Frank with two sides saying, "We are going
- 3 to do this, and we are not going to let you do this." It
- 4 did not allow us to find a middle ground in very many
- 5 instances, at least until recently, in which we could make
- 6 some improvements or changes in Dodd-Frank.
- 7 One of the changes that I have long promoted is that a
- 8 board or a commission that would oversee a Consumer
- 9 Financial Protection Bureau would make sense. I am not
- 10 going to ask you your opinion about that, but I would raise
- 11 this with my colleagues to suggest not only would it give us
- 12 the opportunity to have more input with those who would be
- 13 in charge, members of that commission of the Consumer
- 14 Financial Protection Bureau, but it would also allow us to
- 15 better reflect and perhaps avoid the swings that may occur
- 16 from one administration to another in the approach that we
- 17 have had--the approach that CFPB has had in regard to the
- 18 regulatory world of protecting consumers.
- 19 I would indicate that it would be valuable to me--and I
- 20 would allow you to respond to this, but it would be valuable
- 21 to me to confirm what I would expect you to confirm, that
- 22 you will operate in your capacity, if confirmed, in a very
- 23 transparent and open way so that Members of Congress have a
- 24 better opportunity to influence and to make points to you
- 25 that I sometimes I felt I had with one of your predecessors



- 1 in his administration, his directorship of the Bureau. And
- 2 I would also make the point that those who are being
- 3 regulated could user greater transparency because I think in
- 4 too many instances rulemaking was not accomplished and,
- 5 therefore, the rules were unknown, and you became -- what was
- 6 the rules of the road became known only once there was an
- 7 enforcement action.
- 8 And so I would give you the opportunity to confirm to
- 9 me, first of all, how you would operate in a transparent way
- 10 with me and my colleagues as Members of the United States
- 11 Senate, and, secondly, if you have thoughts about how we
- 12 make certain that those who you are regulating know what the
- 13 regulations are before they suffer the enforcement action
- 14 that often resulted in a fine.
- 15 Ms. Kraninger. Absolutely, Senator. Thank you so much
- 16 for your comments and for your perspective on this. I
- 17 completely agree that the Bureau--it is a priority for the
- 18 Bureau to be transparent and accountable, that I am
- 19 committed to working with members of both sides of the aisle
- 20 in Congress to move the Bureau forward in that kind of
- 21 manner. And in terms of the, you know, so-called regulation
- 22 by enforcement that many have been concerned about in terms
- 23 of the prior approach to the Bureau, I completely agree that
- 24 it is critical to have clear rules so that the lenders and
- 25 creditors and the consumers themselves know what the rules



- 1 are and that they are not somehow told after the fact that
- 2 they broke a rule they were not even aware of or that it had
- 3 somehow changed without any proper notice and comment
- 4 process to really understand the impacts and the opportunity
- 5 to tailor, as I have discussed with many other members. So
- 6 I completely agree that that is not appropriate and is
- 7 something that I would not engage in.
- 8 Senator Moran. I appreciate your response. And, Ms.
- 9 Reed, I have run out of time. I would tell you I look
- 10 forward to working with you. I have been on the Banking
- 11 Committee long enough to remember the days in which you
- 12 would have been a controversial nominee, and I am glad to
- 13 see that Ex-Im is back in a position in which we can move
- 14 forward and protecting the competitive interests in a global
- 15 economy of United States businesses but, more importantly,
- 16 those who work for United States businesses. Thank you,
- 17 ma'am.
- 18 Chairman Crapo. Senator Cortez Masto.
- 19 Senator Cortez Masto. Thank you. Welcome.
- 20 Congratulations on both your nominations. And let me just
- 21 say thank you to both of you for taking the time to visit
- 22 with me and answer my questions. I really appreciate that.
- 23 Welcome to your family as well.
- 24 Ms. Kraninger, I am going to start with you, and these
- 25 are similar to some of the questions that we had together



- 1 when you were willing to meet with me. But let me just
- 2 start with this: I have heard you say time and again today
- 3 in response to all of my colleagues' questioning that your
- 4 intent is to ensure the Bureau is transparent and
- 5 accountable. But my concern is based on the questioning and
- 6 the answers that you have given today. We cannot even get
- 7 you to be transparent and accountable about the work you are
- 8 doing at the OMB, the current job that you have. That is
- 9 funded by taxpayer dollars; that should be transparent to
- 10 the public. So I have concerns that if you cannot even tell
- 11 us what you are doing on a day-to-day basis, how can we
- 12 trust that you are going to carry that over to the CFPB?
- But let me follow up with this: Mick Mulvaney said
- 14 that State regulators and Attorneys General should play an
- 15 active role in enforcing consumer protection laws in the
- 16 banking industry. However, as a former Attorney General
- 17 myself, I know that AGs cannot be the only cop on the beat.
- 18 The CFPB has been vital in uncovering widespread and massive
- 19 fraud and holding those companies accountable, and they are
- 20 the first stop in the States to protect consumers.
- 21 That is your role as well, my understanding from the
- 22 statutes that I read and what you have said today in your
- 23 statement. And let me give you an example of where the CFPB
- 24 was instrumental for us, the States. Wells Fargo, as you
- 25 well know, their actions affected 3.5 million people



- 1 nationwide, including 121,000 in Nevada alone. After an
- 2 investigation by the CFPB, Wells Fargo paid a \$500 million
- 3 penalty.
- 4 Can you enumerate the powers that the CFPB has that
- 5 State AGs or State regulators do not?
- 6 Ms. Kraninger. Senator, certainly as we discussed in
- 7 your office, I appreciate your perspective and experience in
- 8 this area. The partnership with the State regulators is
- 9 essential, I believe, to the point that you noted, the
- 10 States have been engaged in the enforcement --
- 11 Senator Cortez Masto. Why do you think it is
- 12 essential?
- 13 Ms. Kraninger. I am sorry?
- 14 Senator Cortez Masto. Why do you believe it is
- 15 essential?
- 16 Ms. Kraninger. Certainly because the law actually
- 17 stipulates that, and I think that is important, though.
- 18 They existed prior to the Bureau and were engaged in this
- 19 activity prior to the Bureau's existence. And the statute
- 20 specifically calls out that important coordination role,
- 21 whether it is with enforcement actions or--
- 22 Senator Cortez Masto. Well, let me just say as
- 23 somebody that relied on the CFPB, because I will tell you,
- 24 in the State of Nevada, the regulators were not there when
- 25 the crisis occurred. Nobody stopped it. Nobody was working



- 1 to prevent it. But when the CFPB was created, they were the
- 2 watchdog nationally to work with the States and the States'
- 3 AGs, and I will tell you the CFPB has a national view of the
- 4 issues, and it is not limited by State preemption laws. It
- 5 is key to what happens across this country when we are
- 6 looking to consumer financial protection to work with the
- 7 States.
- 8 Let me ask you this: Without a strong Federal
- 9 regulator, how do you anticipate States will be able to
- 10 uncover and put together patterns of wrongdoing, potential
- 11 wrongdoing across the country?
- 12 Ms. Kraninger. Senator, I am committed to carrying out
- 13 the responsibilities of the Bureau under the law, which does
- 14 include working with the States to look for those kinds of
- 15 things, to work with them closely on enforcement matters and
- 16 give them that national perspective. We talked about the
- 17 information sharing that is vital between the Bureau and the
- 18 State Attorneys General and the regulators, and certainly I
- 19 am committed to sharing that appropriate information with
- 20 them to support their efforts and looking at the right
- 21 opportunity for the Bureau to step in from a national
- 22 standpoint.
- 23 Senator Cortez Masto. So outside of serving as a
- 24 partner for State regulators and AGs--rules issued by the
- 25 CFPB can also be enforced by State AGs--do you support



- 1 empowering the AGs by issuing rules through the CFPB?
- 2 Ms. Kraninger. I believe it is an essential
- 3 responsibility of the Bureau to engage in the rulemaking
- 4 activities, setting clear rules. The example of debt
- 5 collection--
- 6 Senator Cortez Masto. So that is a yes?
- 7 Ms. Kraninger. Yes, Senator.
- 8 Senator Cortez Masto. Thank you. A matter deeply
- 9 important to me is that every American has the right to a
- 10 day in court and that the justice system works for everyone,
- 11 no matter their race, their class, their creed, where you
- 12 come from, or who you know.
- 13 Let me ask you this: Have you ever signed a contract
- 14 with a financial firm that included a mandatory arbitration
- 15 clause?
- 16 Ms. Kraninger. Senator, I believe that I probably have
- 17 through credit card companies--
- 18 Senator Cortez Masto. Ms. Kraninger, you are a lawyer.
- 19 Did you read the mandatory arbitration clause before you
- 20 signed it?
- 21 Ms. Kraninger. As a lawyer, I do try to read those
- 22 things, and I have actually read them in the past.
- 23 Senator Cortez Masto. Were you aware that you were
- 24 forgoing your right to sue when you signed the contract?
- Ms. Kraninger. Senator, I certainly was aware of what



- 1 the clauses were that were in the contract. I cannot assure
- 2 you that that is what was there, but I--
- Senator Cortez Masto. Do you believe that ordinary
- 4 Americans page through and read the fine print of these
- 5 contracts and know that they are signing away their rights?
- 6 Ms. Kraninger. I am guessing that many of them do not,
- 7 and I think that is why the model disclosures responsibility
- 8 of the Bureau in statute is important and understanding that
- 9 the Bureau has a role for looking at those things.
- 10 Senator Cortez Masto. Do you support the CFPB's
- 11 mandatory arbitration rule?
- 12 Ms. Kraninger. Senator, Congress certainly acted
- 13 through the Congressional Review Act to preclude that rule
- 14 from going forward. So from that standpoint, it is
- 15 addressed in that manner. I think--
- 16 Senator Cortez Masto. Do you believe all consumers
- 17 have a right to their day in court?
- 18 Ms. Kraninger. Senator, I believe through contract
- 19 relationships and in general there are opportunities for
- 20 consumers to take action, including coming to the Bureau and
- 21 submitting their complaints.
- 22 Senator Cortez Masto. Have you ever investigated a
- 23 bank or payday lender or credit card company?
- Ms. Kraninger. Senator, I have supported
- 25 investigations in many of my roles. I believe actually in



- 1 terms of financial crimes that the Secret Service oversees
- 2 and Homeland Security Investigations oversees -- there has
- 3 been some involvement with those institutions.
- 4 Senator Cortez Masto. But personally you have never
- 5 been involved in a prosecution or investigation?
- 6 Ms. Kraninger. Not of financial institutions directly,
- 7 no, ma'am.
- 8 Senator Cortez Masto. Have you ever brought a legal
- 9 action and as counsel formulated a case against a bank,
- 10 payday lender, or credit card company?
- 11 Chairman Crapo. And, Ms. Kraninger, please be brief.
- 12 Ms. Kraninger. No, Senator, I have not.
- 13 Senator Cortez Masto. Thank you. I see my time is up.
- 14 Thank you both for being here. I will tell you, Ms.
- 15 Kraninger, I do as well have concerns about someone without
- 16 the experience to lead a Consumer Financial Protection
- 17 Bureau, 1,600 employees, a billion dollars--or, excuse me,
- 18 millions of dollars in budget that is looking out for the
- 19 best interests of consumers when it comes to financial
- 20 products. I have concerns about what I have heard from you
- 21 today as being the right person with the right experience to
- 22 lead.
- 23 Let me also say, Ms. Reed, I look forward to supporting
- 24 your nomination. Thank you.
- 25 Chairman Crapo. Senator Reed.



- 1 Senator Reed. Well, thank you very much, Mr. Chairman.
- 2 Thank you both for your willingness to serve.
- Ms. Kraninger, I assume you are familiar with the
- 4 Military Lending Act, so if a servicemember would prefer to
- 5 go to court to enforce his or her rights, instead of being
- 6 forced into arbitration, do you think that servicemember's
- 7 choice should be protected?
- 8 Ms. Kraninger. Yes, Senator, to the extent, again, it
- 9 is provided under the law.
- 10 Senator Reed. The Military Lending Act has been
- 11 recently strengthened by the Department of Defense with new
- 12 regulations to close loopholes and to prevent unscrupulous
- 13 lenders from preying upon servicemembers, men and women.
- 14 And having in my earlier days been an executive officer in a
- 15 company, I have seen this firsthand.
- 16 So do you support the stronger MLA rules? And if
- 17 confirmed, will you enforce them to the fullest extent
- 18 possible?
- 19 Ms. Kraninger. Senator, I am absolutely committed to
- 20 enforcing the law.
- 21 Senator Reed. The rulemaking pointed out that one of
- 22 the impacts on servicemembers in their military careers is
- 23 the financial instability caused by being exploited, and
- 24 that affects their performance. So the Military Lending
- 25 Act, I am very concerned about and involved in. It just



- 1 helps our readiness.
- One of the things that I think that we had to accept
- 3 was the limit on interest charged to an individual
- 4 servicemember is 36 percent. Do you think that is too high
- 5 given the current market rates, which even for credit
- 6 products are about 16 percent?
- 7 Ms. Kraninger. Senator, certainly the rate varies
- 8 associated with what the product is and what the risks are
- 9 available. I support competition in the marketplace such
- 10 that servicemembers and others have the opportunity to avail
- 11 themselves of different options in the market based on what
- 12 their financial needs are.
- 13 Senator Reed. The question, I think, is that we
- 14 statutorily set the rate, the top rate at 36 percent. But
- 15 given current rates in the market, which are roughly 16
- 16 percent for the return on the Dow Jones, my view is I think
- 17 we should be able to lower those rates. So would you be
- 18 supportive of legislation that would lower those rates?
- 19 Ms. Kraninger. Senator, I appreciate where you are
- 20 coming from and the question, but I do think it depends on
- 21 what the product is and what the conditions are and terms
- 22 are. There are various products in the marketplace.
- 23 Certainly when it comes to short dollar lending options that
- 24 are, it differs greatly from the credit card products or
- 25 other products in the market.



- 1 Senator Reed. Well, I would hope that we could work,
- 2 my colleagues and I, to lower that interest rate to make it
- 3 more competitive to what is available in the market for most
- 4 products, regardless of how long the duration.
- 5 Did you or anyone with whom you work at OMB on Homeland
- 6 Security or Justice Department issues ever refer to the
- 7 administration's policy of separating immigrant families at
- 8 the border as a "deterrent"?
- 9 Ms. Kraninger. Senator, I am not sure that -- that may
- 10 have been in public comments by individuals, but I am not
- 11 sure.
- 12 Senator Reed. Have you ever used that? Have you ever
- 13 heard anyone discussing it when they discussed the issue?
- Ms. Kraninger. Senator, recognizing that in 2014 that
- 15 was something that was discussed and the courts actually
- 16 ruled on that, that was determined at least in, I believe,
- 17 the Southern District of California as not appropriate. So
- 18 I appreciate where you are coming from on--
- 19 Senator Reed. Do you feel it is not appropriate right
- 20 now and right here?
- 21 Ms. Kraninger. Senator, these are very difficult,
- 22 challenging issues. A sovereign nation should defend its
- 23 borders, I believe, and at the same time there are a lot of
- 24 circumstances from people around the world with which--
- 25 Senator Reed. Let me ask a simple question. Do you



- 1 think separating children from their parents is a way to
- 2 deter border crossings?
- Ms. Kraninger. Senator, again, I do not want to talk
- 4 about the--
- 5 Senator Reed. You do not want to talk about it, but I
- 6 am asking you a question.
- 7 Ms. Kraninger. Yes, I understand--
- 8 Senator Reed. So would you like to be responsive?
- 9 Ms. Kraninger. I am sorry. I do not want to
- 10 characterize the internal conversations that--
- 11 Senator Reed. I am asking what you feel, ma'am.
- 12 Ms. Kraninger. I understand, Senator, but it does go
- 13 down the road of advice and personal opinion--
- 14 Senator Reed. It goes down the road to your values and
- 15 your judgment and those things that we look for when we
- 16 evaluate someone who is going to lead the CFPB. That is
- 17 where it goes down the road to. And you do not want to go
- 18 down that road, so I would suspect that you probably have
- 19 done that or you feel that way. Do you feel that way?
- 20 Ms. Kraninger. Senator, I do not believe my personal
- 21 opinions or feelings on this issue are the appropriate line
- 22 of discussion. I understand why you are asking. I do
- 23 believe that there are--certainly I have been to many places
- 24 in the world. I have spent time in Guatemala. I served in
- 25 the Peace Corps. I understand the country that we have



- 1 today that is an amazing country where we have many freedoms
- 2 that others in the world do not. And I certainly appreciate
- 3 that this is a place where people would like to come to
- 4 enjoy those freedoms.
- 5 Senator Reed. So I only can assume that you, in fact,
- 6 used the term "deterrent" and did not object to it and feel
- 7 that is the appropriate policy consideration. Thank you
- 8 very much.
- 9 Chairman Crapo. Senator Heitkamp.
- 10 Senator Heitkamp. Thank you. First, thanks to my
- 11 colleagues who are letting me go ahead of them. I am
- 12 greatly appreciative, and I do not know what it is going to
- 13 cost me at the end of the day, but I am pretty sure it is a
- 14 big favor coming their way.
- 15 Ms. Reed, I want to again encourage the Chairman to
- 16 move this nomination. He knows how diligent we have been
- 17 working to get the Ex-Im up and running. I want to say
- 18 where I appreciate Senator Toomey's concerns, I do not want
- 19 to associate myself with the characterizations that he made
- 20 about the Ex-Im Bank. I think it has been a tragedy, and I
- 21 am glad you are moving forward, and I want to encourage the
- 22 Chairman to move enough of these nominees now forward with
- 23 Majority Leader McConnell to get the Ex-Im Bank up and
- 24 running. And so, obviously, great credentials. We liked
- 25 you the last time you were here. I think you are perfect



- 1 for this job. Good luck, and we want to do everything we
- 2 can to get you across the finish line.
- Ms. Kraninger, I just have a series of yes-or-no
- 4 questions, and it is not about morality or anything else.
- 5 It is about your experience. And I do not want
- 6 equivocation, just yes or no, if we can do that.
- 7 Have you ever worked at a bank or a credit union?
- 8 Ms. Kraninger. Senator, I have not and like--
- 9 Senator Heitkamp. Okay.
- 10 Ms. Kraninger. --many other--
- 11 Senator Heitkamp. Have you ever had oversight or
- 12 regulated a bank or a credit union?
- 13 Ms. Kraninger. No, Senator, I have not, like many--
- 14 Senator Heitkamp. Okay. Have you ever been
- 15 responsible for oversight or leadership in supervising
- 16 payday lenders?
- 17 Ms. Kraninger. No, Senator, I have not, like many
- 18 other--
- 19 Senator Heitkamp. Have you had experience working with
- 20 credit bureaus, insurance companies, debt collectors, and
- 21 student loan processors?
- 22 Ms. Kraninger. Senator, in a professional capacity,
- 23 like many other nominees, I have not had direct experience
- 24 with that.
- Senator Heitkamp. Okay. Have you had any final



- 1 decisionmaking responsibility for enforcing State or Federal
- 2 consumer protection laws?
- 3 Ms. Kraninger. Senator, again, like many other
- 4 nominees approaching different positions, I have not had
- 5 direct--
- 6 Senator Heitkamp. So the answer is no.
- 7 Ms. Kraninger. --experience in that.
- 8 Senator Heitkamp. Have you had any experience under
- 9 the Equal Credit Opportunity Act, any final responsibilities
- 10 for leadership there?
- 11 Ms. Kraninger. Senator, I have not, but I have
- 12 certainly made myself familiar--
- 13 Senator Heitkamp. Truth in lending--
- 14 Ms. Kraninger. --with these--with these acts and the
- 15 responsibilities of the Bureau--
- 16 Senator Heitkamp. Have you ever worked or volunteered
- 17 your time on matters related to consumer protection?
- 18 Ms. Kraninger. No, Senator, I do not believe that I
- 19 have. I have certainly volunteered my time--
- 20 Senator Heitkamp. Have you ever worked on financial
- 21 literacy or volunteered your time to promote financial
- 22 literacy, especially for youth?
- 23 Ms. Kraninger. Yes, Senator, I actually have done
- 24 that.
- 25 Senator Heitkamp. Okay.



- 1 Ms. Kraninger. I have some experience in working with
- 2 individuals on that, particularly when I was in college, we
- 3 did have a program to promote financial literacy and--
- 4 Senator Heitkamp. And what did you do to--what was
- 5 your involvement in that program?
- 6 Ms. Kraninger. Working a little bit on curriculum in
- 7 the area.
- 8 Senator Heitkamp. Good.
- 9 Ms. Kraninger. So it is something that is definitely
- 10 important to the roles and responsibilities I would be
- 11 taking on as Director.
- 12 Senator Heitkamp. Do you have a Ph.D. or Master's
- 13 degree in economics or finance?
- 14 Ms. Kraninger. Like many other nominees in these
- 15 positions, no, I do not.
- Senator Heitkamp. While you were in law school, what
- 17 classes did you take regarding consumer protection?
- 18 Ms. Kraninger. Senator, it was a long time ago, so I
- 19 do not remember every class I took, but I certainly did take
- 20 the Administrative Procedures--
- 21 Senator Heitkamp. But you remember what you did in
- 22 college relative to financial literacy, so--
- 23 Ms. Kraninger. Well, the Administrative Procedures Act
- 24 was certainly something that I studied extensively. I took
- 25 a class in privacy law. I did take a class in other--



- 1 cybersecurity law actually, as a matter of fact. Those are
- 2 all relevant to the discussions that we are having here
- 3 today, as well as corporations, which I know was required of
- 4 every individual in the program that I took.
- 5 Senator Heitkamp. Okay. Thank you.
- I think the point that I am trying to make is this is a
- 7 highly technical job, and, you know, simply having the skill
- 8 sets of a law degree and having some familiarity with the
- 9 operation of the Administrative Agencies Practice Act I
- 10 think gets us to a point where we have to judge--I mean, I
- 11 am not asking you about morality. I am not asking you about
- 12 anything. I am just asking you about your core competencies
- 13 here for the job that you have been nominated for.
- And so I think, obviously, you are highly competent and
- 15 a trained professional. I just think that maybe we ought to
- 16 have somebody who understands kind of the--who has had
- 17 experience, as Senator Cortez Masto talked about, with the
- 18 crisis, has had experience in dealing with people who have--
- 19 and has empathy. And I think, you know, to Senator Reed's
- 20 point, you know, it may seem irrelevant, but this is a job
- 21 where literally people are on the edge, where they do not
- 22 know if they are going to make payroll, they do not know if
- 23 they are going to be able to put food on the table. And we
- 24 want somebody in that job who not only has core competency
- 25 but some empathy.



- 1 So I thank you so much, and my time is up, and, again,
- 2 thank you to my colleagues.
- 3 Chairman Crapo. Thank you.
- 4 Senator Van Hollen?
- 5 Senator Van Hollen. Thank you, Mr. Chairman. I thank
- 6 both of you for your testimony here today.
- Just to follow up, Ms. Kraninger, on some of these
- 8 questions, because I understood some of the concerns you
- 9 expressed about not getting too deeply into the internal
- 10 deliberations and advice you offered. I understood that
- 11 part. But now you are going to be heading up an independent
- 12 agency, right? This is an independent agency, is it not?
- 13 Ms. Kraninger. Yes, Senator, it is.
- 14 Senator Van Hollen. And it is not that you are going
- 15 to be in a line position simply enforcing the policy from
- 16 above. You are going to play a key role in developing
- 17 policy as the head of an independent agency. And so I do
- 18 believe your personal views on a range of issues are
- 19 important in that context. And I was not here for all the
- 20 questioning of Senator Warren. I heard Senator Reed's
- 21 question. And is it your position that you are not going to
- 22 answer the question about whether or not you personally
- 23 supported the policy of family separation, separating kids
- 24 from their parents? What is your personal view on that
- 25 policy?



- 1 Ms. Kraninger. Senator, I appreciate greatly the
- 2 questions that you are raising and am happy to discuss
- 3 qualifications and my judgment. I have certainly always
- 4 given my best advice to every person that I have worked for
- 5 in my career, and that is very important to me, as well as
- 6 keeping that advice and perspective close.
- 7 Senator Van Hollen. I think the difference here, as I
- 8 said, it is one thing to not share openly advice that you
- 9 are giving within the administration. But given the fact
- 10 that you are now going to head an independent agency where
- 11 your views and positions will definitely inform a lot of the
- 12 actions that you will take, I do think it is troubling that
- 13 you will not share that information with the Committee.
- 14 Let me ask you about the Office of Fair Lending and
- 15 Equal Opportunity, because in our State of Maryland, like so
- 16 many other places in the country, we have had a bad history
- 17 of discrimination in lending in many places. There was a
- 18 case against Wells Fargo in Baltimore a little more than 10
- 19 years ago. There have been other cases where it was
- 20 established that they discriminated against African
- 21 Americans and people of color.
- Do you agree this is a continuing problem that we have
- 23 to face in this country, fighting discrimination in lending?
- Ms. Kraninger. Yes, Senator, I do. I think it is
- 25 incredibly unfortunate. Discrimination should have no place



- 1 in society, much less the markets. But it certainly exists.
- 2 Senator Van Hollen. And one of the things that was
- 3 established when the CFPB was established was the Office of
- 4 Fair Lending and Equal Opportunity, as I mentioned, and one
- 5 of the first things that Acting Director Mulvaney did was he
- 6 moved the enforcement authorities for fair housing out of
- 7 that office. Would you be willing to put those enforcement
- 8 authorities back into the Office of Fair Lending and Equal
- 9 Opportunity?
- 10 Ms. Kraninger. Senator, I can assure you that
- 11 enforcing the fair lending laws is a critical
- 12 responsibility. Whether it happens in the Division of
- 13 Supervision or whether it happens in a reconstituted Fair
- 14 Lending Office, it is definitely something that I can commit
- 15 to you that I will look at and review freshly and talking to
- 16 the staff that are there and understanding how their
- 17 responsibilities have changed in this change. Looking fresh
- 18 at the organization is something I will do.
- 19 Senator Van Hollen. You know, I think it was
- 20 rightfully interpreted at the time as weakening the
- 21 authority, because the idea was the folks who were paying
- 22 close attention every day and doing the supervising are
- 23 probably in the best position to do the enforcement. And
- 24 having the enforcement authority obviously helps them in
- 25 terms of getting the attention of the folks that they are



- 1 overseeing.
- The same with the Office of Student Lending. As you
- 3 know, Acting Director Mulvaney abolished the Office of
- 4 Student Lending. That is not to mean there are not efforts
- 5 going on in student lending, but would you be willing to
- 6 reestablish that given the fact that we have students who
- 7 have trillions of debt and in many cases there are also
- 8 issues with respect to their contract, their loan contracts?
- 9 As you know, there are a number of lawsuits going on. So
- 10 would you be willing to reestablish that office given the
- 11 centrality of that issue?
- 12 Ms. Kraninger. Senator, I agree with you that student
- 13 lending is an important issue. It is certainly something
- 14 Congress is looking at, and there have been a lot of changes
- 15 in that under the law in recent years. At the same time, I
- 16 want to note that I will absolutely review the structure of
- 17 the organization, and I will certainly consider that with an
- 18 open mind.
- 19 Senator Van Hollen. The last thing I will ask
- 20 regarding the child separation policy, you know there has
- 21 been a court decision ordering the administration to reunite
- 22 these children with their parents within a certain period of
- 23 time. The administration has missed those deadlines. There
- 24 is a resource issue. And in your capacity at OMB, I hope
- 25 you will work with--as you go through this process here, I



- 1 hope you will work with us to get a supplemental
- 2 appropriation, because I am hearing there was an article in
- 3 Politico the other day saying that the administration was
- 4 planning on taking resources from other parts of the
- 5 Department of Education to pay the costs of complying with
- 6 the court order, and I think that we would be better served
- 7 if we find those resources to meet this court order without
- 8 robbing another part of the Department of Education.
- 9 Are you familiar with that issue, and can you work with
- 10 us on that as your nomination continues to work its way
- 11 through the process?
- 12 Ms. Kraninger. Senator, I am not. It must be within
- 13 the Department of Health and Human Services, which is not my
- 14 area--
- 15 Senator Van Hollen. Did I say Department of Education?
- 16 Ms. Kraninger. Yes, Senator. That is okay.
- 17 Senator Van Hollen. I am sorry. I apologize. You are
- 18 right, Health and Human Services.
- 19 Ms. Kraninger. It must be within the Health and Human
- 20 Services, which is not in my purview. But I am happy to
- 21 take your concerns back.
- 22 Senator Van Hollen. Thank you.
- 23 Chairman Crapo. Thank you.
- 24 Senator Jones?
- 25 Senator Jones. Thank you, Mr. Chairman. Thank you for



- 1 this hearing. And to our nominees, I apologize for being in
- 2 and out. Schedules get kind of crazy sometimes, so I do
- 3 apologize.
- 4 Ms. Kraninger, I want to follow up a little bit on a
- 5 couple of things. I know that Director Mulvaney and I think
- 6 you have talked about getting back to the statutory mission
- 7 of the agency, which I appreciate. But one of the missions,
- 8 one of the objectives is that consumers are to be protected
- 9 from unfair, deceptive, or abusive acts and practices and
- 10 from discrimination. For millions and millions of
- 11 Americans, that last clause may be the most important,
- 12 particularly people of color.
- 13 Folks these days, someone can look just like I do,
- 14 which would be really said, to be honest with you, but they
- 15 can look like I do, have the same credit, have the same
- 16 income, have the same profession, and yet another person who
- 17 has a different skin color would get offered a different
- 18 financial product.
- 19 And so I want to ask, first, do you plan on making fair
- 20 lending a priority if you are confirmed?
- 21 Ms. Kraninger. Senator, you point--I think it is
- 22 abhorrent that discrimination exists in society and in the
- 23 markets, and I am committed to enforcing the law,
- 24 absolutely, to address any of the issues that we find in
- 25 that area.



- 1 Senator Jones. Great. Well, thank you for that.
- Now, discrimination today takes a lot of different
- 3 forms. It is not like some of the old days where you see
- 4 the white and colored signs on water fountains or restrooms.
- 5 It can be a lot more subtle, and sometimes it does not even
- 6 have the actual intent but can have the disparate impact on
- 7 a group.
- 8 So I would like to get your thought on how you will
- 9 view cases and whether or not you will use disparate impact
- 10 in looking at the broader section of a minority group and
- 11 whether that would come into play and what your feelings are
- 12 about disparate impact uses, because that is used a lot in a
- 13 lot of legal cases that I have been involved in over time,
- 14 because you cannot always prove the specific intent. How do
- 15 you feel about disparate impact on the use of--in your CFPB
- 16 cases?
- 17 Ms. Kraninger. Senator, I appreciate the question, and
- 18 I appreciate the point that you are raising, because, yes,
- 19 in many cases this could be a more subtle action. I think
- 20 there are a few things that the Bureau can do in this area.
- 21 Certainly in terms of working through the supervision
- 22 process, to your point, if there is no intent, this is
- 23 something that can be looked at.
- At the same time, with respect to court cases and
- 25 enforcement actions, as you are well aware, the arguments



- 1 about disparate impact are very complicated, and it is a
- 2 challenging area, legally speaking. So I can commit to you
- 3 that, should I be confirmed in this position, when I get to
- 4 the Bureau, I will have a detailed conversation with the
- 5 staff on this area to understand what positions the Bureau
- 6 has taken in the past on this issue, and what the status of
- 7 litigation is on the issue, and take the appropriate actions
- 8 to ensure that we are promoting fair lending.
- 9 Senator Jones. Well, I think they have used it in the
- 10 past and used it somewhat successfully, but Director
- 11 Mulvaney has said he wants to get away from it. Would you
- 12 be willing to take another look at using disparate impact on
- 13 an entire community, whether or not there is a sign that
- 14 says, "We are not going to give this person a loan because
- 15 they are black or Asian"? But if it is affecting a broad
- 16 swath of minority consumers, would you be willing to take a
- 17 look at using the disparate impact theory to try to help
- 18 resolve some issues of discrimination?
- 19 Ms. Kraninger. Senator, I will commit to you in
- 20 establishing clear rules and making sure that they are
- 21 enforced that I will look at this issue, absolutely.
- 22 Senator Jones. I am not sure if that is a yes or a no.
- 23 I am going to take it as a yes. But I would like to go back
- 24 to a little bit--I was here for Senator Tester's comments,
- 25 and I was a little bit--and we talked about this the other



- 1 day. I appreciate your coming in and talking to me about
- 2 the payday lending rules that have been worked back.
- 3 I quess what concerns me a little bit in our meeting
- 4 and then with Senator Tester, you had talked about a respect
- 5 for the process and the rulemaking process. But the payday
- 6 lending rule went through a 5-year process. It went through
- 7 a lot of comments, I mean thousands if not tens of thousands
- 8 or a million. I do not know exactly how many, but it was a
- 9 ton for a 5-year process. It got finalized, and then
- 10 Director Mulvaney on his own decided to walk that back and
- 11 start that process all over again.
- And so I am a little bit concerned that we are now
- 13 respecting a process that has not been respected before.
- 14 And I would like for you to comment on that and what you
- 15 plan on doing with consumers, because it is a huge issue in
- 16 my State. I mean, 250,000 people took out 2 million loans.
- 17 That is an average of eight of these loans per person. And
- 18 it is a huge process. It is really hurting these people a
- 19 lot.
- 20 So I would like to get a little bit better clarity when
- 21 you are talking about respecting a process that is already
- 22 going on. What do you mean with the consumer lending right
- 23 now?
- Ms. Kraninger. And, Senator, I truly appreciated your
- 25 time, and I recognize it is a difficult issue in many



- 1 States. They have taken different actions for a myriad of
- 2 reasons, whether it is authority or, you know, willingness,
- 3 frankly, on payday lending.
- What I mean in terms of the process is that the Acting
- 5 Director has announced the reconsideration of that rule, and
- 6 from that standpoint the basis for that reconsideration and
- 7 what aspects are being reconsidered is not something that I
- 8 am privy to, nor has it been discussed publicly. And so
- 9 that is the process that is ongoing within the Bureau right
- 10 now under active consideration.
- 11 Senator Jones. All right. That is all the time I
- 12 have. Thank you, Mr. Chairman.
- 13 Chairman Crapo. Senator Donnelly.
- 14 Senator Donnelly. Thank you, Mr. Chairman. I want to
- 15 thank the witnesses and your families.
- I am a strong supporter of the Export-Import Bank, our
- 17 country's export credit agency. It helps American
- 18 businesses export goods and services and compete in our
- 19 global marketplace. The Ex-Im Bank does not cost taxpayers
- 20 dime. In fact, it has returned billions to the Treasury.
- 21 It protects and creates countless jobs across the country.
- In Indiana, since 2012 the Ex-Im Bank has directly
- 23 helped 84 Hoosier companies, including 63 small businesses,
- 24 to export more than \$2 billion in goods and services
- 25 overseas. In 2015 I worked with Senator Heitkamp and a



- 1 bipartisan group of colleagues to end a 6-month shutdown of
- 2 the Bank and enact a long-term reauthorization.
- 3 Unfortunately, Ex-Im is still not running at full steam
- 4 because it lacks the three-fifths board membership required
- 5 to obtain a quorum and approve transactions over \$10
- 6 million. As a result, there is a backlog of \$42 billion in
- 7 deals representing 250,000 jobs stuck in a pipeline awaiting
- 8 approval. We need a fully operating Export-Import Bank now
- 9 more than ever.
- 10 While the U.S. has handcuffed its own export credit
- 11 agency in recent years, our international competitors have
- 12 significantly increased their efforts. There are at least
- 13 85 foreign export credit agencies aggressively supporting
- 14 their own domestic industries. Countries like China,
- 15 Brazil, and India are doubling down on their export credit
- 16 agencies. Not only that, but current trade policies are
- 17 damaging the foreign markets our Hoosier farmers and
- 18 manufacturers have spent decades developing.
- 19 Our exporters were already at a disadvantage from a
- 20 weakened Ex-Im Bank, and now trade policy is making it
- 21 worse. To grow and maintain a strong economy, we need to
- 22 send American goods, Indiana goods, all over the world. Our
- 23 businesses deserve a level playing field with their foreign
- 24 competitors. Policymakers should make it easier, not
- 25 harder, for businesses to do that.



- 1 Ms. Reed, these are fairly simple questions. You do
- 2 not have to go into a long explanation on them. Do you
- 3 agree foreign countries are aggressively investing in their
- 4 own export credit agencies in order to boost their domestic
- 5 industries?
- 6 Ms. Reed. Yes.
- 7 Senator Donnelly. Do you agree the U.S. is hurting
- 8 itself by not having a fully functioning Ex-Im Bank when its
- 9 competitors are increasing resources for their export credit
- 10 agencies?
- 11 Ms. Reed. Yes, I do.
- 12 Senator Donnelly. Do you agree Ex-Im Bank helps
- 13 Hoosier businesses like manufacturers and farmers develop
- 14 foreign markets for U.S. goods and services?
- 15 Senator Reed. Absolutely.
- Senator Donnelly. Just months ago, this Committee
- 17 approved Ms. Reed's nomination for Ex-Im Vice President with
- 18 an overwhelming 22-3 vote. Now she has been nominated as
- 19 President of Ex-Im. I encourage that confirmation as soon
- 20 as possible to bring fresh leadership. Hopefully her
- 21 confirmation will be followed by fellow board nominees, and
- 22 we can allow the Ex-Im Bank to return to full strength for
- 23 the first time in several years, creating more American jobs
- 24 again. A strong Ex-Im bank boosts exports, creates jobs,
- 25 and returns money to our taxpayers.



- 1 Ms. Kraninger, 2 months ago, under Director Mulvaney's
- 2 leadership, the CFPB announced it would eliminate its
- 3 student loan office and merge it into another office. Ms.
- 4 Kraninger, I do not know of an area where young people in my
- 5 State have incurred more debt than in the area of student
- 6 loans. For many of them, it has prevented them from being
- 7 able to buy homes, being able to buy cars, being able to
- 8 fully participate in our country and our economy.
- 9 A recent report found 60 percent of Indiana's college
- 10 graduates leave with student loan debt, and the average is
- 11 \$29,000 per student. I saw your answer to Mr. Van Hollen
- 12 before about reinstating the student loan office. I am a
- 13 strong supporter of that. You are going to review that. I
- 14 would urge you very, very much to do that.
- What are your plans for protecting student borrowers?
- 16 Ms. Kraninger. Senator, this is an important issue,
- 17 and certainly under the law the Bureau was provided the
- 18 responsibility for looking at private student loans.
- 19 Senator Donnelly. Well, now that they have closed down
- 20 the office, what are your plans? You said you would take a
- 21 look at reopening it. What specific plans do you have right
- 22 now in regards to student loans?
- 23 Ms. Kraninger. So, Senator, there is the position of
- 24 the private student loan ombudsman that was created in the
- 25 statute, the position that still exists. So certainly a



- 1 first-order issue is going to be sit down with the
- 2 individuals in that office to understand the activities that
- 3 they have ongoing.
- I appreciate the priority you are placing in this, and
- 5 it is certainly something I want to understand better. At
- 6 the same time, with the Federal role in student lending,
- 7 both in origination--with 92 percent of the originations
- 8 today happening at the Department of Education and with
- 9 their efforts to actually bring servicing into the
- 10 Department of Education, I think that is another area that I
- 11 can tell you is a priority. It is sitting down with the
- 12 officials at the Department of Education to talk through
- 13 what their efforts are there, where the Bureau can be
- 14 helpful, and what role the Bureau can play in--
- 15 Senator Donnelly. Well, for many of our young people,
- 16 not only in my State, they are looking to you for help
- 17 because interest rates are--if you look at the interest rate
- 18 on a house and on a student loan--and, obviously, they are
- 19 different products. But you have young people paying
- 20 incredibly high interest rates who look and feel they may
- 21 never get out from under this burden that they have and they
- 22 will never be able to buy a home and they will never be able
- 23 to buy a car. And that is an extraordinarily discouraging
- 24 situation for people across our country.
- One other question I want to ask. Mr. Mulvaney once



- 1 called the CFPB a "joke" in a sad, sick kind of way. Do you
- 2 share his sentiment?
- 3 Ms. Kraninger. Senator, Director Mulvaney has
- 4 certainly responded to those comments. I can tell you that
- 5 I support--
- 6 Senator Donnelly. I am asking you--yeah.
- 7 Ms. Kraninger. I support the Bureau as it was
- 8 established in Congress and the roles and responsibilities
- 9 it was given.
- 10 Senator Donnelly. But what I asked you is did you
- 11 think it was a sad, sick joke, the way it was being run?
- 12 Chairman Crapo. I thought that was a good answer.
- 13 Ms. Kraninger. Senator, again, I support the Bureau's
- 14 mission and look forward to, if confirmed, vigorously--
- 15 Senator Donnelly. Well, this is simply a yes or no.
- 16 It is like, "Do you like peanut butter or not?" Do you
- 17 think it was a sad, sick joke the way it was being run or
- 18 not?
- 19 Ms. Kraninger. Senator, those are not words I would
- 20 use, and I believe the Director has responded to those
- 21 comments since.
- 22 Senator Donnelly. Thank you very much.
- 23 Thanks, Mr. Chairman.
- 24 Chairman Crapo. Thank you, Senator Donnelly.
- We have had a request by several members of the



- 1 Committee for a second round. I will agree to that,
- 2 although we will hold it to 5 minutes. The Senators have
- 3 been taking quite a bit of liberty today, and we are well
- 4 past the time that we should have allocated--or that we
- 5 have--
- 6 Senator Donnelly. I did not take much liberty, Mr.
- 7 Chairman.
- 8 Chairman Crapo. I will accept your comment, Senator
- 9 Donnelly. So we will do that, and, Senator Brown, I would
- 10 turn to you.
- 11 Senator Brown. Thanks, Mr. Chairman.
- Ms. Kraninger, you talked a lot about accountability
- 13 and transparency at the CFPB. When you submitted paperwork
- 14 to this Committee, you had to disclose any campaign
- 15 contributions from the last 8 year above \$500, correct?
- 16 Ms. Kraninger. Yes, Senator, I believe that is--I do
- 17 not have the form in front of me, but I believe that was the
- 18 request.
- 19 Senator Brown. Well, you did not make a \$500 donation
- 20 to Governor Kasich's Presidential campaign, but you made two
- 21 separate \$250 donations. You did not disclose that,
- 22 correct?
- 23 Ms. Kraninger. I believe--again, I did disclose
- 24 exactly what was requested by the Committee, Senator. I do
- 25 not remember the exact facts. I do not have the paper in



- 1 front of me. If you do--to note that it was above \$500, and
- 2 I--
- 3 Senator Brown. I do not believe what you just said was
- 4 true. Well, let me ask again. Did you disclose--you did
- 5 not disclose the contributions to Mitt Romney's campaign
- 6 that were under the \$500 threshold but were more than \$600
- 7 total. So two contributions, you did not think that
- 8 qualified for what you should disclose?
- 9 Ms. Kraninger. Senator, I believe there was a time
- 10 period. Again, I do not have the documents in front of me.
- 11 If you have them, I would be happy--
- 12 Senator Brown. We do, and you made contributions to
- 13 Kasich. You made contributions to Jeb Bush. Do you know
- 14 of--that should have been disclosed under law--or under the
- 15 rules of this Committee. Did you make any other donations
- 16 to the 2016 Presidential campaign?
- 17 Ms. Kraninger. Senator, I believe those are the only
- 18 two that I did make, yes.
- 19 Senator Brown. Okay. You did not answer in that first
- 20 round my question on whether you would appeal the 9/11
- 21 scammer case. You said you would implement the law. Who
- 22 decides whether to appeal or not?
- 23 Ms. Kraninger. Senator, I am not familiar with the
- 24 details of where that case is. I certainly appreciate the
- 25 responsibility--



- 1 Senator Brown. But who decides whether to appeal a
- 2 case or not at the CFPB?
- 3 Ms. Kraninger. The Director does have the authority to
- 4 determine these things. At the same time, if a case is
- 5 actually headed to the Supreme Court, the Bureau does not
- 6 have independent representation authority to take everything
- 7 to--
- 8 Senator Brown. So do you plan to defend the agency in
- 9 this case, on the scammer 9/11 case?
- 10 Ms. Kraninger. Senator, without the benefit of being
- 11 inside the Bureau to understand the positions and litigation
- 12 strategy that was taken, that is a very challenging question
- 13 to answer, and I do not want to prejudge that either. The
- 14 opportunity to speak with the General Counsel to understand
- 15 the positions that they have taken, to understand the
- 16 conversations that they may have had with the Department of
- 17 Justice, given the fact that the Bureau cannot represent
- 18 itself is something that I would certainly undertake should
- 19 I be confirmed.
- 20 Senator Brown. Not long ago--I think it was in May--
- 21 Director Mulvaney teamed up with a group of payday lenders
- 22 to sue the CFPB, the agency he claimed to be leading and to
- 23 delay its payday rule. You are a lawyer. Do you think
- 24 agencies should sue themselves to prevent consumer
- 25 protections from being implemented?



- 1 Ms. Kraninger. Senator, I think that the
- 2 responsibility is clear in the statute for the Director to
- 3 carry out the law and manage the Bureau appropriately, and
- 4 that is certainly what I would pledge to do. And I would
- 5 certainly pledge to work with all of you in carrying out
- 6 those responsibilities.
- 7 Senator Brown. Do you think it is proper for an agency
- 8 to sue--for an agency chief to sue itself, to sue himself,
- 9 herself, itself?
- 10 Ms. Kraninger. Senator, I am not familiar with the
- 11 details or the internal deliberation that may have led--
- 12 Senator Brown. No, I think you must know about--it is
- 13 not a question of internal deliberations. Do you think it
- 14 is proper for the head of an agency to sue that--to team up
- 15 with outside interests, whether you generally are pro-payday
- 16 lenders, as Mulvaney from his travels and his exhortations
- 17 and his political contributions certainly would--but whether
- 18 or not you are close to or supportive of an interest group,
- 19 do you think it is proper for an agency to join outside
- 20 interest groups—an agency chief to sue that agency?
- 21 Ms. Kraninger. Senator, being unfamiliar with the
- 22 specific facts that you are articulating here, I do not know
- 23 the basis for the decision. But I--
- 24 Senator Brown. I am sorry--
- Ms. Kraninger. --will tell you, Senator, that it is--



- 1 it would certainly be unusual. It would certainly be--
- 2 Senator Brown. That was not my--I appreciate your
- 3 agility and facileness. That was not my question commenting
- 4 on that case. I am saying: Do you think it is proper for
- 5 an agency chief to join--you are a lawyer, I am not, so
- 6 maybe you are at an advantage here. But is it proper for an
- 7 agency chief to join an outside interest group to sue the
- 8 agency itself?
- 9 Ms. Kraninger. It is certainly unusual. I--
- 10 Senator Brown. Thank you. I know it is -- we have
- 11 established that it is unusual. We know that. You do not
- 12 know the specifics; at least you say you do not know the
- 13 specifics of the case. That is fine, too. Is it proper for
- 14 an agency chief to sue its own agency with or on behalf of
- 15 an interest group that has business in front of that agency?
- 16 Ms. Kraninger. Senator, I can tell you that I come to
- 17 this position without any particular special interest other
- 18 than serving the American people, and I--
- 19 Senator Brown. Can't you just say, "No, it is not
- 20 proper"?
- 21 Ms. Kraninger. I do not know the details--
- 22 Senator Brown. Or, "Yes, it is proper"?
- 23 Ms. Kraninger. -- Senator. I do not--
- Senator Brown. Or, "No, I will never go it," or, "Yes,
- 25 maybe I will do it"?



- 1 Ms. Kraninger. Senator, it is unusual, and I am sure,
- 2 again, there are reasons that that action may have been
- 3 taken that I am not privy to. But, again, I certainly
- 4 pledge to you that I will carry out the duties and
- 5 responsibilities of this position to the best of my ability.
- 6 Chairman Crapo. Senator Warren.
- 7 Senator Warren. Thank you, Mr. Chairman.
- 8 All right. So you do not have any experience in
- 9 consumer finance or consumer protection, no qualifications
- 10 at all. Evidently the one thing that you have done in your
- 11 career is work on President Trump's 2019 fiscal year budget
- 12 request for the CFPB, and the Trump administration has used
- 13 that, now claiming that this gives some insight into how you
- 14 would run the agency. So this is an "Are you qualified?"
- 15 question that, at least according to the Trump
- 16 administration, should be directly in your area of supposed
- 17 expertise.
- Now, let us go through it. To be clear, the CFPB sets
- 19 its own budget, so the budget you proposed had no actual
- 20 effect on the agency. Is that right?
- 21 Ms. Kraninger. That is correct.
- 22 Senator Warren. And on top of that, the budget you set
- 23 for the CFPB is a single top-line number. It does not break
- 24 down how the CFPB would adjust its spending to reach that
- 25 number. Is that right?



- 1 Ms. Kraninger. That is correct.
- 2 Senator Warren. Good. So you are the budget expert.
- 3 Let us talk about how the CFPB would meet the budget that
- 4 you drafted. Your budget for 2019 calls for a 23-percent
- 5 cut relative to the CFPB's proposed 2019 budget. That is
- 6 about a \$147 million cut. CFPB's number one expense
- 7 representing more than half of its total cost is
- 8 compensation and benefits of its employees. Other than the
- 9 Director and the dozen new political appointees that Mick
- 10 Mulvaney has brought to the agency, every other CFPB
- 11 employee is a civil servant.
- 12 So in order to achieve the 23-percent cut you have
- 13 proposed, would you fire civil servants?
- 14 Ms. Kraninger. Senator, first let me clarify that it
- 15 is the President's budget request and not mine. Certainly I
- 16 did support its development.
- 17 Senator Warren. Can we just do this--we are going to
- 18 be held tight on time. Would you fire civil servants? Is
- 19 that your plan?
- 20 Ms. Kraninger. Senator, to your point, in fiscal year
- 21 2017, 53 percent of the funds that were utilized under
- 22 Director Cordray were for salaries and benefits of people,
- 23 and so--
- 24 Senator Warren. So are you saying--can you just give
- 25 me a yes or no? Will you fire civil servants?



- 1 Ms. Kraninger. Senator, there are laws in place
- 2 certainly that protect civil servants, and--
- 3 Senator Warren. So is the answer no?
- 4 Ms. Kraninger. The answer is that 53 percent with
- 5 salaries and benefits, which does leave a significant amount
- 6 of funds for--
- 7 Senator Warren. So will you fire civil servants--Mr.
- 8 Chairman, I am going to ask for extra time if we are going
- 9 to keep playing this game. It is a straightforward--will
- 10 you fire civil servants? That is not hard. This is your
- 11 area of expertise, your budget that you put forward. Do you
- 12 contemplate firing civil servants to meet your \$147 million
- 13 cut? Yes? No?
- 14 Ms. Kraninger. Again, Senator, it is not my budget.
- 15 It is the President's budget.
- 16 Senator Warren. Then does the President's budget as
- 17 drawn up by you and offered as your expertise for this job
- 18 contemplate firing civil service employees?
- 19 Ms. Kraninger. Senator, the proposal to Congress is
- 20 what the President's budget reflects, and it was a decision
- 21 on the debt and deficit situation. That was certainly the
- 22 focal point for--
- 23 Senator Warren. In other words, we are just playing
- 24 dodge ball here. If you are not going to fire civil
- 25 servants, then let us see how you are going to try to make



- 1 this up.
- 2 Let me try another one. The next largest set of
- 3 expenditures for outside contracts, a big chunk goes to
- 4 maintaining the agency's cybersecurity. Do you plan on
- 5 reducing cybersecurity?
- 6 Ms. Kraninger. So 31 percent of the funds in fiscal
- 7 year 2017 was for outside contractor services. That
- 8 certainly is a big part of--
- 9 Senator Warren. Could we please stop playing dodge
- 10 ball. Do you plan to cut expenditures? The next biggest
- 11 investment is on cybersecurity. Do you plan to cut on
- 12 cybersecurity?
- 13 Ms. Kraninger. Senator, I do believe that that other
- 14 contract services line is something that really does need to
- 15 be examined.
- Senator Warren. Do you plan to cut on cybersecurity?
- 17 It is the next biggest line.
- 18 Ms. Kraninger. Senator, cybersecurity and IT
- 19 investment are certainly important to the organization's
- 20 carrying out--
- 21 Senator Warren. So is that a no, you will not cut?
- Ms. Kraninger. I think it is something that needs to
- 23 be examined, absolutely. Every line item does.
- Senator Warren. Does that mean cut or not cut?
- 25 Ms. Kraninger. Senator, without being inside the



- 1 Bureau and going through line by line--
- Senator Warren. So you might cut cybersecurity?
- 3 Ms. Kraninger. There could be opportunity--
- 4 Senator Warren. Okay.
- 5 Ms. Kraninger. --within contracts in any area--
- 6 Senator Warren. So the next largest expense is travel
- 7 costs. As I assume you know, most of the agency's travel
- 8 cost is because the agency sends examiners to visit the
- 9 financial companies that they supervise so they can actually
- 10 make sure that they are complying with the law. That
- 11 supervision is required by Dodd-Frank. Would you cut back
- 12 on examinations and supervision in order to achieve the 23-
- 13 percent cut you need to achieve?
- 14 Ms. Kraninger. Senator, looking at travel I think is a
- 15 legitimate consideration. At the same time--
- Senator Warren. Recognizing that this is travel to go
- 17 enforce the law at the banks, you would cut that back?
- 18 Ms. Kraninger. I think looking at the travel and
- 19 looking at the efficient distribution of staff is certainly
- 20 something that is appropriate--
- 21 Senator Warren. So you are thinking cutting back so we
- 22 do not send as many people out to enforce.
- 23 You know, I just want to be clear on this. Even if you
- 24 got travel cost to zero, you would not be anyplace close to
- 25 what you put forward as the proposed budget. So where is



- 1 the \$147 million, the 23-percent cut, coming from? Can you
- 2 just tell me where the areas are you plan to cut that is
- 3 going to get us there?
- 4 Chairman Crapo. And please keep your response brief.
- 5 Ms. Kraninger. Senator, this was the President's
- 6 budget request, and I pledge to you that I will look at
- 7 every line item within the Bureau's budget--
- 8 Senator Warren. No, you do not--
- 9 Ms. Kraninger. --should I be confirmed.
- 10 Senator Warren. --get to dance away from this by
- 11 saying it is the President's budget. The President has
- 12 offered you up as saying this is your expertise. Your one
- 13 piece of consumer protection expertise is you put together a
- 14 budget for the CFPB. So what I want to know is you proposed
- 15 a 23-percent cut, \$147 million. Give me some ideas about
- 16 how you actually would make a \$147 million cut at that
- 17 agency?
- 18 Chairman Crapo. Please respond briefly.
- 19 Ms. Kraninger. Senator, I believe there are
- 20 opportunities for efficiency and consideration, and it may
- 21 involve, frankly, spending funds on other activities that
- 22 are underfunded. So I pledge to you that I will look at
- 23 carefully the budget of the Bureau.
- 24 Senator Warren. So let us just be clear--
- 25 Chairman Crapo. Senator--



- 1 Senator Warren. -- I want to be clear on this. She has
- 2 dodged around this for this entire question, line of
- 3 questions. The one thing you have done in your career that
- 4 is related to the CFPB is to come up with a budget number,
- 5 and the budget number simply does not add up. You cannot
- 6 explain how that agency can do its work if it has a 23-
- 7 percent budget cut that you put together and the Trump
- 8 administration offers as your expertise. The only thing you
- 9 can come up with is, well, maybe you will cut travel, which
- 10 means there will be less enforcement. And I know that will
- 11 make bank lenders happy, payday lenders happy, but it does
- 12 not reflect any knowledge of the CFPB or any commitment to
- 13 the CFPB's central mission of trying to protect consumers
- 14 and level the playing field.
- 15 Chairman Crapo. Senator Tillis.
- Senator Tillis. Ms. Kraninger, a lot of people have
- 17 tried to boil complex subjects down into simple yes-no
- 18 answers. There is only one that I heard that I felt like we
- 19 deserved a yes-or-no answer, and that was from Senator
- 20 Donnelly. Do you or do you not like peanut butter?
- 21 [Laughter.]
- 22 Ms. Kraninger. Senator, I like peanut butter.
- 23 Senator Tillis. Because outside of that question, I
- 24 think it is absurd for anybody up here to say that this was
- 25 nothing more than the sort of "gotcha" tactics that some



- 1 members use to try and, well, support their narrative.
- Now, I want to get on OMB. First off, how big is the
- 3 CFPB? How many employees?
- 4 Ms. Kraninger. There are about 1,600 employees at the
- 5 CFPB.
- 6 Senator Tillis. Do you think that within that employee
- 7 base that you have a few economists and finance experts and
- 8 people that have worked for credit agencies or worked for
- 9 business lending or, you know, any number of financial
- 10 fields?
- 11 Ms. Kraninger. Yes, Senator, they have a wide variety
- 12 of skill sets and expertise that is being brought to bear.
- 13 Senator Tillis. So you as the manager, would you
- 14 actually see yourself getting up in the morning, coming in
- 15 early, and writing out the policies or directing the affairs
- 16 of the agency and the priorities?
- 17 Ms. Kraninger. Senator, it is certainly the latter,
- 18 directing the priorities and expecting the staff to put
- 19 forward the policies that align.
- 20 Senator Tillis. Thank you. How big was the scope of
- 21 your portfolio--or how big is the scope of your portfolio at
- 22 OMB with respect to the whole of the administration?
- Ms. Kraninger. It is roughly a fifth of the total
- 24 Government, \$250 billion in resources, 37 agencies.
- 25 Senator Tillis. So you have a lot of time in your day-



- 1 -I was in research and development early in my career in the
- 2 1980s up in Boston, and I was a product manager. So when we
- 3 were formulating a technology policy, I would bring R&D, I
- 4 would bring manufacturing, I would bring finance, I would
- 5 bring marketing together. It was the scientists that worked
- 6 under my matrix supervision who came up with the ideas. And
- 7 then it was these other organizations to figure out the
- 8 complexities, the pipes, all that you needed to do to
- 9 actually pay for it, administer it.
- 10 Would you kind of consider that to be an analog to your
- 11 role in the Office of Budget and management, not formulating
- 12 policy but implementing it?
- 13 Ms. Kraninger. Yes, Senator, that certainly is the
- 14 case, and with a wide variety of staff and variety of
- 15 topics.
- 16 Senator Tillis. Which is why I find it remarkable that
- 17 anybody would suggest that you were actively engaged in the
- 18 formulation of the policy on child separations. You have
- 19 certain--if you take a look at child separations, it is
- 20 something I know a lot about because I proposed--I love the
- 21 passion here about solving the child separation problem. I
- 22 would like to see that rhetoric go from this Senate
- 23 Committee to the floor where we have a solution. And I will
- 24 be talking about it on the floor a little bit later today,
- 25 because I sometimes wonder whether or not people really want



- 1 to solve this problem, or if they want to use it to come
- 2 here and pretend that only the President can solve the
- 3 problem. It is the Congress that can solve that problem,
- 4 and once we pass that bill, in your current capacity, we
- 5 would expect you to figure out how to implement the policy.
- It is frustrating to me to see the passion expressed
- 7 about certain issues in this Committee and an absolute
- 8 vacuum in the chamber where we can actually produce a
- 9 result. This, by the way, is not leading up to a yes-no
- 10 question.
- But can you tell me just a little bit more about,
- 12 again, on a day-to-day basis, to what extent in your entire
- 13 tenure in office at OMB that you have ever been actively
- 14 engaged in crafting the policy choices?
- 15 Ms. Kraninger. Senator, that is a very fair question.
- 16 In terms of what generally comes before the Office of
- 17 Management and Budget, it is what the agencies are
- 18 formulating. They put forward what their leadership would
- 19 like to pursue, or they have received direction from the
- 20 President about activities that they should undertake, and
- 21 they are formulating the manner and how to address what the
- 22 President's priorities are and what he has asked of them.
- 23 And then we are supporting that effort.
- Senator Tillis. So, again, first off, I want to
- 25 congratulate you on your nominations, and for the family



- 1 members, thank you all for being here. I know that these
- 2 hearings can be somewhat troubling, but you should never
- 3 forget the fact that these two nominees have had very
- 4 distinguished careers and are very deserving of the
- 5 nominations, and you all should be proud of it.
- Again, I just want to say I hope that the focus on
- 7 child separations that I saw in this room translate to
- 8 people who want to solve the problem. We are down to what I
- 9 consider to be very minor differences. If people look at it
- 10 and within their hearts they truly want to keep families
- 11 together, Congress needs to fix this problem. You did not
- 12 craft the legislation. You were trying to determine how to
- 13 implement the policy. And we should put a mirror on the
- 14 Members of the U.S. Senate and say, "Why aren't you fixing
- 15 this problem?"
- 16 Thank you, Mr. Chair.
- 17 Chairman Crapo. Thank you, Senator Tillis.
- 18 That does conclude the questioning. For Senators
- 19 wishing to submit questions for the record, those questions
- 20 are due in 1 week, on Tuesday, July 24. We ask both
- 21 nominees to respond to these questions by Tuesday, July 31,
- 22 so that we can vote that week on the nominations.
- 23 We thank you both for joining the Committee today. As
- 24 Senator Tillis indicated, sometimes these Committee hearings
- 25 get intense. We appreciate you being willing to come



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1 forward and put yourselves forward for service to the
 2 country.
        With that, this hearing is adjourned.
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        [Whereupon, at 12:42 p.m., the Committee was
 5 adjourned.]
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Talking Points for the Week of July 30, 2018

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From
                                     Ex 6 - (5 U.S.C. Sec 552(b)(6))
          "Gordon, Marie (Isakson)"
          Isakson All Staff ←Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                                                , Isakson All Interns
To:
           Ex 6 - (5 U.S.C. Sec 552(b)(6))
          "Campbell, Leslie (Veterans Affairs)" Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                                                                     "Henke, Robert
          (Veterans Affairs)" Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                                                , "Maddox, Amanda (Isakson)"
          Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                                   , "Moore, Camlin (Veterans Affairs)"
          Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                               "O'Neill, Maureen (Veterans Affairs)"
Cc:
          Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                               >, "Reece, Adam (Veterans Affairs)"
          Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                              "Shearman, David (Veterans Affairs)"
           Ex 6 - (5 U.S.C. Sec 552(b)(6))
                                                ·, "Workman, Jillian (Veterans Affairs)"
          Ex 6 - (5 U.S.C. Sec 552(b)(6))
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Date: Mon, 30 Jul 2018 15:01:20 -0400

Updates to: Senate Schedule, Veterans' Affairs Committee

Talking Points for the Week of July 30, 2018

Senate Schedule

Biennial Budgeting

Environmental Responsibility

Executive Order on Protecting the Nation from Terrorists Entering into the United States

Fiduciary Rule Proposal by U.S. Department of Labor

Georgia Military Preparedness

Gun Control

Health Care Law

Immigration Reform and the Deferred Action for Childhood Arrivals (DACA) Program

Iran Nuclear Capability/Sanctions

Islamic State in Iraq and the Levant (ISIL) & Iraq

Law Enforcement and Public Safety Protocol

Net Neutrality – FCC's Open Internet Order

North Korea (Democratic People's Republic of Korea)



Presidential Nominations

Russian Cyberattacks

Savannah Harbor Expansion Project

Supreme Court Vacancy

Syria

Syrian Refugees

Tax Reform

Trade Agreements

Trade and Announced Tariffs on Steel and Aluminum

Veterans' Affairs Committee

Senate Schedule

There is a vote scheduled for Monday on whether to move forward on the nomination of Georgia Supreme Court Justice Britt C. Grant of Atlanta, Ga., to serve on the U.S. Court of Appeals for the 11th Circuit. Johnny is planning to deliver remarks on the floor ahead of this cloture vote. If invoked, a confirmation vote is expected on Wednesday.

The Senate then expects to finish work on the four-bill spending package, H.R.6147. The House-passed package of appropriations bills includes the fiscal 2019 Financial Services and Interior-Environment titles, and the Senate has attached two more bills, Transportation-HUD, S.3023, and Agriculture-FDA, S.2976. The Senate is also expected to vote on the *National Defense Authorization Act of 2019* conference report, formally move to conference with the U.S. House on the Farm Bill, and pass a 4-month extension of the National Flood Insurance Program.

In the Senate Health, Education, Labor and Pensions Committee, there is a Tuesday hearing focused on reducing healthcare administrative costs.

In the Senate Committee on Foreign Relations, there is a Tuesday afternoon hearing that Johnny is chairing on nominations to positions in Africa and Jamaica. There is a Wednesday morning hearing on State Department nominations. There is also a Thursday morning hearing scheduled that will focus on the value of the North Atlantic Treaty Organization (NATO) alliance.

In the Senate Committee on Finance, we expect a vote this week on nominees to fill positions in the Department of the Treasury and the Internal Revenue Service.

In the Senate Committee on Veterans' Affairs, there is a Wednesday hearing scheduled on pending Department of Veterans Affairs legislation on health and benefits, including the "Blue Water Navy" legislation dealing with exposure to Agent Orange during the Vietnam War.

Also this week, Johnny has meetings scheduled with several of the president's nominees who require Senate confirmation. He will attend the swearing-in of VA secretary Robert Wilkie at an Oval Office ceremony on Monday.



Biennial Budgeting

- On Feb. 6, 2017, Johnny reintroduced the *Biennial Budgeting and Appropriations Act*, S.306, with Sen. Jeanne Shaheen, D-N.H.
- Johnny's legislation would help end reckless spending and reform the federal budget process by
 converting it from an annual spending process to a two-year cycle, with one year for
 appropriating federal dollars and the other year devoted to much-needed oversight of federal
 programs.
- Specifically, the legislation requires the president to submit a two-year budget at the beginning of the first session of a Congress. Members of Congress would then need to adopt a two-year budget resolution, a reconciliation bill if necessary and two-year appropriations bills during that first session. The second session of a Congress would then be devoted to the consideration of authorization bills and oversight of federal programs.
- A biennial budget system is an idea that has been endorsed by each successive president since Ronald Reagan, as well as numerous federal budget experts. Johnny is pleased that the chairman of the Senate Budget Committee has now endorsed the concept of biennial budgeting.
- In 2013, the Isakson-Shaheen proposal passed by a 68-31 vote in the Senate as an amendment to that year's budget resolution, which is a non-binding blueprint.
- In 2015, the Senate Budget Committee held a hearing on the legislation.
- Additionally, in 2016, both the Senate Budget Committee and House Budget
 Committee chairmen included versions of biennial budgeting in separate proposals to
 reform the federal budget process.
- Johnny penned another op-ed regarding the benefits of this legislation, "<u>Biennial Budgeting: A Positive Idea for America's Bottom Line</u>" was published in the April 2017 edition of *The Ripon Forum*, Volume 51, No. 2.
- As part of the February 2018 agreement to fund the government, a new Joint Select Committee
 on Budget and Appropriations Process Reform was called and tasked with fixing Washington's
 broken budget process. Johnny is optimistic that his biennial budgeting proposal will be
 reviewed and considered during this process.

Environmental Responsibility

- Johnny is committed to ensuring our environment is conserved and protected for future generations through wise management and environmentally sound technology.
- During his terms in Georgia government, as well as in the U.S. House of Representatives and in the U.S. Senate, as a member of a subcommittee that focuses on wildlife protection, Johnny has



introduced and co-sponsored legislation that preserves our environment, and he has strongly supported renewable energy.

- He has worked on measures related to the environment to give the states the necessary tools to create water and land policies that reflect the current demand and usage within the United States.
- Johnny is concerned that some regulations implemented during the Obama administration have had negative effects on agriculture, manufacturing and other sectors that employ thousands of Georgians, while also causing significant increases in the cost of power generation that especially impact lower-income workers and retirees on fixed incomes.
- We have learned a great deal about what approaches to cleaner air work best. Johnny believes
 that we must continue to support the Clean Air Act and the Clean Water Act, as well as
 implement market-based approaches to air and water quality that guarantee results while keeping
 utility prices affordable for Americans.
- He will continue working to ensure that we enact commonsense measures that help protect and preserve our environment while taking into account the economic impact of these initiatives.

U.S. Withdrawal from the Paris Climate Accord

- The United States is one of the strongest countries in the world in our commitment to high environmental standards across all industries, including power production.
- Unfortunately, the Paris climate deal was yet another regulatory overreach by the Obama administration and should have been put forward for the advice and consent of the Senate.
- Johnny will continue to work on commonsense approaches to energy production and the environment.

Executive Order on Protecting the Nation from Terrorists Entering into the United States

- Johnny believes it is our constitutional obligation to provide for our national security and this should include strengthening the vetting process to restrict access to those who might seek to harm our way of life.
- As a second-generation American whose grandfather emigrated from Sweden, Johnny values
 the legal immigration system of our country and wants to make sure that this opportunity
 remains in place.
- Johnny also wants to be sure we don't ever have a situation like September 11, 2001, when we had some very bad people get in our country through less-than-reliable vetting.
- Johnny appreciates that President Trump worked to adjust the terms of the travel restrictions after the initial rollout of this policy resulted in confusion and setbacks by the courts.
- Johnny hopes that as the implementation of this order moves forward, President Trump will continue to consult with the national security team he has assembled with the advice and



consent of the Senate so that security measures are properly applied and do not infringe on the constitutional rights of law-abiding Americans.

- Johnny believes that America should continue to be welcoming to legitimate refugees who are fleeing war and persecution and who share America's ideals and values.
- The administration issued a third version of the executive order on Sept. 24, 2017. The order applies additional restrictions on entering the United States to nationals from Iran, Libya, Syria, Yemen, Somalia, Chad, Venezuela and North Korea.
- The Supreme Court allowed the latest revision of this executive order to take full effect on Dec. 4, 2017, while legal challenges to it are ongoing. It had previously been limited in part by lower court restrictions pending resolution of the litigation.

Fiduciary Rule Proposal by U.S. Department of Labor

- On April 6, 2016, the Obama administration's U.S. Department of Labor finalized what is known as the "fiduciary rule" that rewrites its definition of "fiduciary."
- Johnny opposed this definition and rule change from the start and has acted to stop its
 implementation because he believes it would ultimately limit access to retirement planning and
 investment advice for the families who need it most.
- Johnny applauded the March 15, 2018, ruling by the U.S. Court of Appeals for the Fifth Circuit striking down the Obama-era "fiduciary rule" issued by the U.S. Department of Labor that harms access to retirement planning for middle-income Americans.
- The Department of Justice, acting on behalf of the Department of Labor did not appeal the Fifth Circuit's March 15, 2018, ruling, which struck down the fiduciary rule, meaning that the Court's ruling took effect on May 7, 2018.
- On behalf of Georgia families, Johnny will continue working with the Trump administration to ensure this rule does not come back.
- Johnny introduced the <u>Affordable Retirement Advice Protection Act</u>, S.1321, on June 8, 2017, to fight implementation of this misguided, big-government rule.

Background

- Johnny argues that the fine print included in hundreds of pages of Department of Labor regulations seeking to redefine a single word would deny millions of Americans the chance to plan ahead.
- Johnny believes hardworking families should have a choice of whom they are able to work with
 to get financial help. Big government policies that cause the middle class to lose this choice will
 only make our retirement crisis worse.
- Johnny is troubled that the Labor Department has singled out Individual Retirement Accounts (IRAs) for new red tape. Some liberal economists have been advocating to cut back IRAs and



- push more Americans into government-run retirement plans. Johnny is fighting to preserve IRAs as a flexible, individually controlled retirement planning option.
- Johnny introduced legislation under the *Congressional Review Act* on April 18, 2016, to stop the Obama administration from implementing this regulation. On April 28, 2016, the U.S. House passed a companion resolution to kill the proposal by a vote of 234-183. On May 24, 2016, the Senate voted 56-41 to pass Johnny's resolution. Unfortunately, it was vetoed by President Obama on June 8, 2016.
- In his fight against this harmful rule, Johnny introduced legislation, S.2502, the Affordable Retirement Advice Protection Act that would block the rule from taking effect until it is approved by Congress.
- Johnny is also an original co-sponsor of legislation introduced by Sen. Roy Blunt, R-Mo., the Retail Investor Protection Act, which would prohibit the Department of Labor from issuing its rule until the U.S. Securities and Exchange Commission has issued a final rule relating to standards of conduct for brokers and dealers and has satisfied additional reporting requirements.

Georgia Military Preparedness

- Johnny believes we should be using our military to send a clear signal to the rest of the world that America has no intention of standing down in the fight against the threat of terrorism worldwide.
- On Jan. 27, 2017, President Trump issued an executive action ordering the Pentagon to identify ways to boost the armed forces. Johnny is encouraged by this action and looks forward to receiving the results. He is hopeful that in addition to benefitting the national security of the U.S., it will also directly benefit Georgia's military concerns.
- In November 2016, the Army announced the 2nd Brigade, 3rd Infantry Division would be converted from an Infantry Brigade Combat Team to an Armor Brigade Combat. According to MG Andrew Poppas, Army Director of Force Management, "The conversion better postures the Army to meet the defense strategic guidance necessary to regain and retain overmatch in key warfighting functions." The conversion should be complete by the end of fiscal year 2018.
- In February 2017, it was announced that Fort Benning in Columbus, Ga., would be home to a new Security Force Assistance Brigade at Fort Benning, bringing approximately 500 new troops to the Columbus, Ga., area by October 2017. It was also announced that Fort Benning would be home to two new units: The Security Force Assistance Brigade and the Military Advisor Training Academy, bringing 85 new positions to the base. The first class of the Security Force Assistance Brigade graduated in February 2018.
- In February 2018, the U.S. Air Force announced that Robins Air Force Base will begin doing overhaul maintenance on the C-130s flown by the Navy and Marine Corps, which will ultimately bring about 400 new jobs to the area.
- In the <u>National Defense Authorization Act of 2016</u>, the <u>National Defense Authorization Act of 2017</u> the the <u>National Defense Authorization Act of 2018</u>, and the <u>National Defense Authorization Act of 2019</u>, Johnny worked with a bipartisan group of senators to authorize necessary funding for service men and women, as well as providing for facilities and weapons in support of our national defense, including several critical priorities for Georgia.



- The 2017 NDAA prohibited additional rounds of a 2017 Base Realignment and Closure Commission (BRAC).
- Each of the NDAAs have authorized a recapitalization of the Joint Surveillance Target Attack Radar System (JSTARS) program and ensures proper funding for the current fleet until its replacement is fully operational. It also prevents the retirement of the A-10 Thunderbolt II aircraft and preserves its important mission at Moody Air Force Base in Valdosta, Ga., and Robins Air Force Base in Warner Robins, Ga.
- The president signed the *National Defense Authorization Act of 2018* on Dec. 12, 2017. Funding based on NDAA levels was included in the bipartisan budget agreement that was signed into law on Feb. 9, 2018, and it ended sequestration for the military's budget.
- The 2019 NDAA also invests in the next generation Air Battle Management System, which the Air Force has already announced will be hosted at Robins AFB.

ISTARS

- In 2016, Johnny engaged more than a dozen times on the need to recapitalize the U.S. Air Force's E-8 Joint Surveillance and Target Attack Radar System program, called JSTARS. He has met with military leaders, congressional leaders and staff, in addition to base leadership at Robins Air Force Base, where the JSTARS mission is based in Warner Robins, Ga.
- Our warfighters combating ISIL and other terrorist organizations throughout the Middle East depend on JSTARS for its unmatched coordination of battle management and intelligence capabilities.
- In addition to the Robins Air Force Base breakfasts he has hosted in Washington, D.C. in April 2016 and Dec. 2017, Johnny has also visited Robins Air Force Base (on Aug. 31, 2016, and March 28, 2018) to receive briefings and to discuss this important mission.
- Johnny has <u>called repeatedly on the Air Force to move forward with a greater sense of urgency towards its recapitalization efforts</u> to replace the aging fleet especially following the September 2016 announcement that a large portion of this fleet would be grounded due to maintenance issues.
- Working with a group of bipartisan senators, Johnny was able to help secure the requested funds to upgrade this capability that our warfighters so greatly depend upon in the <u>National Defense Authorization Act</u>, which passed the Senate on Thursday, Dec. 8, 2016.
- In September 2017, Johnny led a letter to U.S. Secretary of Defense James Mattis with other members of the Georgia congressional delegation about their concerns regarding the Air Force's position on the JSTARS program and to reiterate that Congress had repeatedly expressed its position on the program through its votes to extend the program and prevent the retirement of this aircraft.
- Johnny again introduced amendments to maintain the E-8 JSTARS program in the 2018 National Defense Authorization Act and to prevent the program's early retirement.
- The National Defense Authorization Act included an amendment offered by Johnny that would prevent the Air Force from prematurely retiring the JSTARS fleet and require that it move forward with plans to recapitalize that critical intelligence platform.
- The fiscal year 2018 <u>National Defense Authorization Act passed the U.S. Senate unanimously</u> on Nov. 16, 2017. It provides the requested funding authorization and provisions introduced by Johnny and Sen. Perdue to preserve the Georgia-based JSTARS mission, prevent the U.S. Air Force from retiring the program and require that it move forward with recapitalization of that critical intelligence platform. It was signed into law by the president on Dec. 12, 2017.



- The U.S. Air Force announced on Feb. 12, 2018, that it would not continue to fund JSTARS recapitalization efforts.
- Johnny is deeply disappointed in the decision to terminate the JSTARS recapitalization effort. Not only have taxpayers already spent more than \$600 million on the recapitalization of this vital intelligence, surveillance and reconnaissance platform, but most importantly, our warfighters need the capabilities it provides today.
- Johnny is not confident in the proposed Air Force strategy of intelligence collection through various platforms that would require significant investments in network infrastructure when its own F-22, one of the most advanced fighter aircraft in the world, has difficulties transmitting data to other platforms.
- In the government funding bill signed into law on March 23, 2018, Johnny was able to secure language that provides \$405 million in specific funding directly for the recapitalization of JSTARS. Further, the funding bill directs the secretary of the Air Force to neither transfer the funding from JSTARS recapitalization, nor utilize these funds for any purpose other than the JSTARS recapitalization program of record as presented with the fiscal year 2018 budget request, unless the congressional defense committees receive and approve a prior approval reprogramming request.
- Following Johnny's visit to Robins Air Force Base on March 28, 2018, he penned the op-ed "Robins Air Force Base Critical to National Security" which was published in Macon's *The Telegraph* newspaper on April 15, 2018.
- The John S. McCain National Defense Authorization Act for Fiscal Year 2019, which passed the Senate on June 18, 2018, prohibits the retirement of any aircraft in the Joint Surveillance Target Attack Radar System platform and secures additional funding to extend the service life of aircraft.

Gun Control

- Johnny believes that restricting Americans' Second Amendment rights is not the solution to
 ending mass acts of violence like we have seen in recent years. Instead, he believes we need to
 take a comprehensive approach to solving this problem with a focus on mental health in our
 country.
- Johnny supports instant background checks on all retail sales of guns to prevent convicted felons from obtaining them, but he does not support waiting periods or the registration of any firearm.
- Johnny is a cosponsor of Senator John Cornyn's bipartisan legislation to fix the National Instant Criminal Background Check System (NICS), called the Fix NICS Act, to ensure federal and state authorities comply with existing law and accurately report required criminal history records to NICS.



- In terms of background check proposals, Johnny will not support legislation that would violate individuals' right to privacy or to due process of law.
- Johnny believes it's important to keep in mind that many of the specific gun control proposals that have been offered would not have prevented recent mass shootings.
- For this reason, Johnny believes a focus on improving access to mental health and, in the case of terrorism, better information sharing among law enforcement agencies is more likely to prevent future crimes than new gun control.
- Following the tragic Las Vegas shooting on Oct. 1, 2017, press reports of the crime scene there indicate that certain devices, known as "bump stocks," were used to modify the firearms involved and cause them to function more like fully automatic weapons, which are heavily regulated under federal law.
- In light of those troubling reports, Johnny asked the director of the Bureau of Alcohol, Tobacco, Firearms and Explosives to review regulations surrounding the sale of devices that allow semi-automatic rifles to function like fully-automatic rifles.
- On Dec. 4, 2017, the Bureau of Alcohol, Tobacco, Firearms and Explosives began a process to clarify and update a Federal regulation interpreting the definition of "machinegun" in the National Firearms Act and the Gun Control Act to clarify whether certain bump-stock devices fall within that definition. Ahead of the rulemaking, the agency submitted notice to accept formal comments. Additional information and updates can be found at www.reginfo.gov/public<.
- On Feb. 20, 2018, following the school shooting in Parkland, Fla., President Trump directed the U.S. Department of Justice to dedicate all available resources to complete the review of the comments received and propose notice for a new rule banning all devices that turn legal weapons into machineguns.
- President Trump further offered a proposal on March 11, 2018, to help ensure school safety, based on four pillars: hardening our schools and improving safety standards; strengthening background checks and prevention; expanding and reforming mental health programs; and establishing a federal commission on school safety.
- Johnny will continue to work for common-sense legislation that keeps our children safe without infringing upon our Second Amendment rights.

Constitutional Concealed Carry Reciprocity Act of 2017, S.446

• On Feb. 27, 2017, Johnny co-sponsored the *Constitutional Concealed Carry Reciprocity Act of 2017*, which would allow individuals who are legally permitted allow individuals with privileges to carry concealed weapons in their home state to exercise those rights in any other state that also has concealed carry laws, while abiding by that state's laws.



• As a strong supporter of the Second Amendment, Johnny believes this is a commonsense measure that helps law-abiding citizens travel freely, while allowing states to implement laws that are best suited to the people who live there.

Health Care Law

Johnny's priorities for health care

- Johnny believes that Obamacare has failed Georgians and the American people, with nearly 100
 Georgia counties having only one health insurance provider and Georgians facing premium
 increases up to 50 percent next year.
- In July, the Senate voted on three different plans to repeal and replace portions of Obamacare. Johnny supported all three plans, but none of them received the 51 votes needed to pass.
- Johnny is disappointed that the Senate has not yet been able to agree on a plan to repeal and replace Obamacare.
- Given the immediate crisis facing the individual health insurance market, Johnny believes we have a responsibility to do as much as we can in the short term to stabilize and strengthen the individual health insurance market so that Americans will be able to buy insurance at affordable prices in the year 2018.
- Johnny's priorities for an Obamacare replacement remain:
 - ✓ Ensuring that people with pre-existing medical conditions have access to affordable health care,
 - ✓ Providing relief from costly mandates and regulations, and
 - ✓ Prioritizing the return of oversight of individual markets to the states, which can then tailor insurance programs to best benefit their unique populations.
- Johnny believes that, as this process moves forward, both Republicans and Democrats in Congress must work together to fix a failing healthcare system and find a better long-term solution to our healthcare system.
- Johnny will carefully review any future health care legislation that comes before the Senate to ensure we do the right thing for Georgians and all Americans.
- Members of Congress will not be exempt from any replacement plan, and Johnny's health insurance is under the Obamacare health plan, along with the rest of our Senate staff.

Preserving Medicare and Social Security

- Johnny wants to protect and preserve Social Security benefits as-is for retirees and people nearing retirement and also to ensure that the program stays in place for future retirees.
- He also agrees we must preserve Medicare and has worked on ways to preserve the program for future generations. To that end, Johnny introduced bipartisan legislation and continues his work to improve Medicare benefits for seniors with two or more chronic conditions.



• By coordinating care and focusing on prevention and keeping people out of the hospital, Johnny believes this reform can provide better care at a lower cost to the Medicare program.

Lack of healthcare coverage choices in Georgia's Obamacare exchanges

- Johnny has long recognized that Obamacare is failing, costs are rising and choice is dwindling for Georgians and the American people.
- Because Obamacare is failing, Blue Cross Blue Shield of Georgia initially decided to stop offering coverage in Georgia's individual health insurance market in 2018.
- Instead, in October 2017, Blue Cross Blue Shield of Georgia announced that it would not offer individual marketplace insurance plans in 2018 on the Obamacare exchange in any metro Atlanta counties that have other insurance carrier options, but that it would continue to offer plans in 85 Georgia counties that would otherwise be left with no insurance plan.
- This announcement from Georgia's largest insurer is an example of why Johnny has been working so hard to replace this failed law. Johnny believes that, as this process moves forward, both Republicans and Democrats in Congress must work together to fix this failing healthcare system and begin a better long-term solution to our healthcare system.
- Johnny is disappointed that the Senate has not yet been able to agree on a plan to repeal and replace Obamacare, especially since the costs are simply unaffordable for many Georgians.
- The window for buying insurance on Obamacare exchanges for 2018 starts Nov. 1 and continues until Dec. 15, 2017.
- Johnny urges people who need coverage to search for a health plan early, rather than waiting until the last minute.
- Financial assistance remains available for most people in the Obamacare exchange. A large
 majority of exchange customers will be sheltered from premium hikes for 2018 due to a
 corresponding increase in their subsidy or discount.
- Ninety percent of Georgians getting exchange coverage had a subsidy this year, which lowered the average monthly premium from an average of \$431 to \$122 a month (according to Georgians for a Healthy Future.) People with incomes up to 400 percent of poverty (about \$48,000 for an individual) can qualify for these subsidies or tax credits to help pay for premiums.

Additional actions by Johnny and President Trump: President Trump's Executive Order

• Because Obamacare is failing, the president issued an executive order on Oct. 12, 2017, taking the first steps to expand choices and alternatives to Obamacare plans and increase competition to bring down costs for consumers.



- The order directed the secretary of labor to consider expanding access to association health plans, which could potentially allow small employers to form groups across state lines to offer health insurance under more favorable terms, similar to large national companies.
- It also rolls back Obama administration regulations that restricted coverage through lower-cost short-term insurance plans and employer-sponsored health reimbursement arrangements.
- The secretary of labor announced a finalized rule on June 19, 2018, that expands choices and alternatives to Obamacare plans and increase competition to bring down costs for consumers through the use of association health plans. This proposal would also protect Americans by requiring coverage for individuals with pre-existing health conditions.
- Johnny has taken a number of steps to help address this problem and provide relief for Georgians and Americans.
- Johnny signed a letter to the administration in June 2017 and again in June 2018 supporting the use of short-term healthcare plans, and he has supported past legislative proposals promoting association health plans and health reimbursement arrangements.
- Johnny believes while this executive order is not a repair to the entire healthcare system, it is an important step forward to get more affordable health care for some who don't currently have access.

Cost-sharing subsidies and the Alexander-Murray Bipartisan Health Care Agreement

- On Oct. 12, 2017, the U.S. Department of Health and Human Services issued an announcement that, in keeping with existing law, there would be an immediate halt to cost-sharing reduction payments to insurers under Obamacare.
- The White House announced this policy change with the argument that because there is not a formal authorization by Congress, legally, the federal government could not continue to pay cost-sharing subsidies to insurance companies to help cover the cost of Obamacare's requirement for plans to charge lower co-pays and deductibles for people with modest incomes.
- On Oct. 19, 2017, Johnny signed on as an original cosponsor of a short-term, bipartisan agreement introduced by U.S. Senators Lamar Alexander, R-Tenn., and Patty Murray, D-Wash., known as the *Bipartisan Health Care Stabilization Act*, to help stabilize the individual health insurance market, give states more of the flexibility they need and help struggling Americans who are feeling the weight of Obamacare's requirements.
- This legislation is based upon witness testimony from four bipartisan hearings that the Senate health committee held in September and its score from the Congressional Budget Office equals zero cost.
- The legislation would streamline the process for state innovation waivers so that states can design and offer health care plans that are best suited to their citizens' needs, and it would make



lower-premium "copper" catastrophic plans available to anyone who wants one. Under Obamacare, catastrophic plans are currently only available to those under age 30.

- Additionally, the bill would provide two years of funding for cost-sharing payments in order to prevent an additional 20 percent premium increase in 2018.
- Johnny believes that much more needs to be done beyond this agreement to help Georgians who have been hurt by Obamacare, but he has said that we cannot and should not make perfect the enemy of the good when millions of families are about to face little or no access to affordable health care.
- Johnny believes the Alexander-Murray bill is a good first step toward giving states greater flexibility and helping to avert unaffordable premium increases, and he will support its passage in the Senate.
- Also on Oct. 19, 2017, Johnny cosponsored the *Mandate Relief Act of 2017*, which would exempt Americans from the individual mandate if they earn less than the national median household income, if their state's average premium increased by more than 10 percent year over year, or if they live in a county with only one health-insurance issuer.
- The *Mandate Relief Act of 2017* was introduced by U.S. Senators Tom Cotton, R-Ark., and Pat Toomey, R-Penn., and Johnny cosponsored similar legislation during the last session of Congress.

Johnny's history with Obamacare

- On Dec. 24, 2009, Johnny voted against President Obama's health care proposal in the Senate, the *Patient Protection and Affordable Care Act*, also known as "Obamacare." He voted against the proposal because he believed it was a terribly flawed, unconstitutional law that seeks to put the government in charge of your health care.
- Unfortunately, Congress passed the Patient Protection and Affordable Care Act, and it was signed
 into law on March 23, 2010.
- Since President Obama's terribly flawed health care law went into effect on March 23, 2010, Johnny has repeatedly called for it to be repealed.
- Johnny has voted to repeal Obamacare multiple times since 2009, most recently in July 2017
 when he voted for all three Republican proposals to repeal and replace major portions of
 Obamacare, including its taxes, individual and employer mandates, health insurance regulations,
 and Medicaid expansion.
- Johnny believes that there are a few provisions in Obamacare that have worked well and should stay in place, such as allowing young adults to stay on their parents' health insurance plan until age 26 and prohibiting insurance companies from discriminating against people with pre-existing medical conditions.



Immigration Reform and the Deferred Action for Childhood Arrivals (DACA) Program

- Johnny believes it is absolutely critical to our state and to this nation that we secure the borders, reject amnesty, and restore credibility to our immigration system.
- Johnny has always drawn a clear distinction between legal and illegal immigration. Those who come to our country legally should be welcomed to share in the pursuit of the American dream. At the same time, the defense of our nation begins with securing our borders and ending the opportunity for illegal entry. Our immigration laws must be followed and they must be enforced, and Johnny stands in full support of those that do both.
- Johnny believes that any border security plan should focus especially on combatting illegal immigration, drug and alien smuggling and violent activity on the Southwest border. He also believes that biometric IDs should be part of our immigration enforcement system.
- At the same time, the children who were affected by the Obama administration's Deferred Action for Childhood Arrivals (DACA) program should not be punished for their parents' choices.
- Johnny believes that President Obama's 2012 action on immigration was an overreach of executive power and that Congress is the appropriate venue for addressing this issue.
- Johnny believes that Congress should protect these people while also working toward stronger measures to secure our borders and enforce our immigration laws going forward.
- Johnny believes that in the end, a regular legislative process in which the House, the Senate and the president participate fully is the way to arrive at the best solution.
- Johnny supports President Trump's four-pillar framework plan released on Jan. 26, 2018, that
 addresses border security, the Deferred Action for Childhood Arrivals (DACA) program, the
 diversity lottery and chain migration.
- Johnny has continued working to find a bipartisan solution to the issues of immigration and the Deferred Action on Childhood Arrivals program, including most recently through his involvement in the "Common Sense Coalition" in early 2018.
- Johnny believes that we have a real opportunity to secure our borders and address some of the issues in our immigration system. He is committed to continuing to work toward real solutions.
- Following the careful review of the many immigration plans in the Senate, Johnny cosponsored two plans that offer these solutions.
- Johnny cosponsored legislation offered by Sen. Chuck Grassley, R-Iowa, called the *Secure and Succeed Act*, and he has also cosponsored legislation offered by Sen. Susan Collins, R-Maine, called the *Immigration Security and Opportunity Act*.



- Sen. Grassley's Secure and Succeed Act is largely reflective of the president's "four pillars" approach because he supports the border security concepts it contained. The president endorsed it, as did Senate Majority Leader Mitch McConnell. The Feb. 15, 2018, vote on this legislation failed by a vote of 39-60.
- At the same time, if Senate Democrats choose to block the commonsense border protections in the Grassley bill, it is important that the Senate not miss the opportunity to provide this administration with the tools in the Collins bill to secure the border.
- The bipartisan Collins *Immigration Security and Opportunity Act* plan would fund the entire \$25 billion that the Trump administration has requested for border security, and includes a mechanism to prevent future Congresses from blocking or delaying this funding. The Feb. 15, 2018, vote on this legislation failed by a vote of 54-45.
- During the open floor debate on immigration during the week of Feb. 12, 2018, none of the four legislative proposals to address immigration received the required 60 votes to pass.
- The Senate will keep working to find a solution that does the most good.

Separation of Children from their Parents at the Border

- Johnny does not believe we should separate children from their parents at the border.
- Johnny believes Congress and the administration should work to keep families together whenever possible while enforcing our laws and protecting the border.
- Johnny introduced the <u>Keep Families Together and Enforce the Law Act</u> on June 20, 2018, to end the separation of families at the border by adding new immigration court judges, allowing families to be processed together, and requiring their fair and humane treatment while awaiting immigration processing.
- The Keep Families Together and Enforce the Law Act was introduced by Sen. Thom Tillis, R-N.C., and is supported by more than two dozen senators. It would specifically require the U.S. Department of Homeland Security to keep accompanied minors under age 18 together with their families in residential housing centers at the border pending the outcome of their civil or criminal immigration proceeding.
- Additionally, the legislation provides additional funding for family residential centers, sets
 mandatory standards for care, and authorizes 225 new immigration judges for the purposes
 of expediting proceedings for children and families who are apprehended at the border.
- Also on June 20, President Trump signed an executive order to end family separations at the border. Johnny believes that signing this executive order was the right thing to do, and he will continue working with his Senate colleagues to advance the *Keep Families Together and Enforce the Law Act*.
- A court order was issued on June 26, 2018, that requires federal officials to stop detaining
 parents apart from their minor children, absent a determination the parent is unfit or the
 parent declines reunification. It also requires the government to reunify all parents with their
 minor children who are under the age of five within 14 days and reunify all parents with their
 minor children age five and older within 30 days.
- Following the court order, the Department of Health and Human Services announced that it is expediting the reunification of minors with their parents under the timeline and conditions of this ruling.



- The Department of Health and Human Services has deployed more than 230 personnel to improve existing efforts to connect potential parents in the custody of the Department of Homeland Security (DHS) with minors in custody of the Department of Health and Human Services. As part of this process, they are also working to confirm parent relationships and to validate safety and suitability of reunification.
- Johnny has spoken personally with Health and Human Services Secretary Azar who assured Johnny that he is doing everything in his power to make sure children are taken care of and appropriately and expeditiously returned to their family members.
- Johnny stands ready to work with the administration to assist in the reunification of families at the border in any way needed.
- In February, Johnny voted for legislation that would have prevented the separation of children from their families at the border, provided funding for border security and created a path to citizenship for those eligible for the Deferred Action for Childhood Arrivals (DACA) program.
- In the long term, Johnny believes Congress needs to work together in a bipartisan way to solve each of these challenges.

Background:

- Attorney General Jeff Sessions announced on May 7, 2018, that the U.S. Department of Justice will prosecute every person who illegally crosses into the United States along the Southwest border.
- As a result, when adults with children cross into the United States illegally they are now separated. The adult is detained pending a decision on their immigration case, while the child is placed into the custody of the Department of Health and Human Services (HHS), which is responsible for placing them with a relative in the United States. If HHS is unable to place the child, or children, with a relative, the children are placed in licensed programs (foster care).
- One reason why this policy is resulting in family separation is a court order, called the "Flores consent decree," which prohibits minors from being detained for more than 20 days in immigration cases, meaning that children cannot stay with their parents if the parents are being held pending an asylum hearing.
- The Flores consent decree requires authorities to place children with parents, other adult relatives, or licensed programs willing to accept the children. Only after those initial options are unavailable does the government place the child in the "least restrictive" setting appropriate to the age and needs of the child.
- Previously, the Department of Homeland Security chose to release the entire family, despite the strong likelihood that the parents will never appear for their appointed court date after being released from custody.
- Unfortunately, this policy created a strong incentive for individuals with bad intentions to cross the border illegally and smuggle children with them to get through and be released by the Department of Homeland Security because they had a child in their custody.
- This policy also helped create a greater "incentive" to attempt to cross the border and bring children with them. It caused a greater number of individuals who may not actually be asylum-seekers to attempt to gain entry, including human traffickers, meaning there is a greater backlog for individuals seeking to gain entry who have legitimate claims for asylum.
- Johnny supported Senator Chuck Grassley's immigration bill earlier this year that would have overturned this court order, provided funding for border security and a path to legal status for those eligible for the Deferred Action for Childhood Arrivals (DACA) program.



- In addition, Sen. Grassley's bill would have appropriated funding to construct new, humane family detention centers for individuals and families while the courts work through their backlog.
- Johnny believes that a comprehensive approach to reforming our immigration system and a bipartisan solution to the issues of border security and the Deferred Action on Childhood Arrivals program would offer the best solution to these challenges.

DACA Background

- The Obama administration created the Deferred Action for Childhood Arrivals (DACA) program through executive action in June 2012. The program allowed those who came to the United States before the age of 16 to have a temporary stay of deportation and a work permit for two years on a renewable basis as long as: 1) they had arrived before June 2007; 2) were either attending school, had graduated or earned a GED, or served in the military; and 3) had not committed a serious crime or posed a threat to national security.
- On Sept. 5, 2017, the Trump administration announced that the Department of Homeland Security will no longer accept new applications for relief under DACA. Existing work permits will be honored until they expire. If a work permit expires before March 5, 2018, the holder can apply for a new two-year extension by Oct. 5, 2017. Currently pending applications will be considered on a case-by-case basis.
- Johnny believes that President Obama's 2012 action on immigration was an overreach of executive power, and that Congress is the appropriate venue for addressing this issue.

Iran Nuclear Capability/Sanctions

- The United States must work to prevent Iran from achieving a nuclear weapons capability. Iran is the world's leading sponsor of terrorism, and a nuclear-armed Iran will further destabilize a very volatile region.
- The implementation of the Iran nuclear agreement, known as the Joint Comprehensive Plan of Action, began on Jan. 16, 2015, under the Obama administration.
- This means that Iran has access to at least \$50 billion of frozen assets, the ability to sell their oil and engage in international trade.
- However, Iran has not stopped its malign behavior in the region, and instead of investing in its own people, the regime has built up its military capabilities.
- Johnny believes that sadly, the nuclear agreement put a time limit on our ability to constrain Iran's nuclear ambitions, and it never went far enough to ensure Iran's commitment to other international agreements.
- On May 8, 2018, President Trump announced that the United States would withdraw from the Iran nuclear agreement.



- Johnny believes that President Trump is approaching this threat with the strength and resolve that was lacking in the previous administration.
- Johnny believes that for the security of our country, we need to start over on this flawed agreement.
- Johnny is concerned that Iran will continue to seek a nuclear weapons capability and does not believe that sanctions should have been relaxed against Iran until we are certain they have ended their work toward obtaining these weapons as well as their financing of international terrorism.

Background:

- On Sept. 7, 2016, Johnny co-sponsored the *No Ransom Payments Act*, which would prohibit the federal government from paying ransom and stop payments to Iran from the U.S. Treasury Department's "judgment fund" until Iran returns the ransom money it received from the Obama administration and pays American victims of Iranian terrorism what they are owed, including the compensation Johnny secured last year for the victims of the 1979 Tehran hostage crisis.
- On Dec. 1, 2016, the U.S. Senate unanimously passed the <u>Iran Sanctions Extension Act</u> to hold Iran accountable for its attempts to threaten the United States and destabilize the Middle East. The bill extends sanctions on Tehran that would have otherwise expired on Dec. 31, 2016.
- Johnny feels that maintaining sanctions against Iran is just one step to make certain the U.S. keeps any worthwhile leverage against this anti-American regime.
- Johnny applauded the new sanctions imposed on Iran by the Trump administration, announced Feb. 3, 2017, following a reported ballistic missile test by Iran.
- On July 27, 2017, the Senate approved the Countering America's Enemies through Sanctions Act,
 H.R.3364, in response to the country's continued ballistic missile program, terrorism-related
 activities and human rights violations. It also codifies President Trump's sanctions issued Feb. 3,
 2017, and allows for additional sanctions as the administration's review of the 2015 Joint
 Comprehensive Plan of Action, known as the "Iran deal," continues.
- Previously, new sanctions on Iran were announced by the U.S. Treasury Department on Jan. 17, 2016, on some Iranian citizens and companies for violating United Nations Security Council Resolution 1929 against ballistic missile testing that occurred in Iran following announcement of the nuclear agreement.



- Following reports by German intelligence of more than one hundred attempts by Iran to procure nuclear materials and missiles, Johnny joined his Senate colleagues in sending a letter <u>calling for the reinstatement of sanctions on Iran</u> on July 14, 2016. One year after the Obama administration brokered its dangerous nuclear agreement with Iran, these attempts in Germany for extensive nuclear and missile procurement are a threat to our national security, and Johnny believes we must protect our interests.
- Johnny called on officials to release more information on the prisoner exchange between the
 United States and Iran that was secretly negotiated by Obama administration in 2016 after
 reports revealed that former officials from the Obama administration may have intentionally
 concealed the seriousness of the charges against individuals that were released.
- On Oct. 27, 2017, Johnny sent a letter to UN Ambassador Nikki Haley requesting that she push for military site inspections and stronger reporting requirements by the International Atomic Energy Agency to ensure compliance with the Joint Comprehensive Plan of Action.

Previously

- After scrutinizing the details of the proposed agreement, <u>Johnny voted to move forward on rejecting the agreement</u> on Sept. 10 and 15, 2015.
- Johnny also <u>voted to block former President Obama from lifting existing sanctions on Iran</u> until the Iranian regime releases American prisoners held in Iran and also recognizes Israel's right to exist.
- Johnny will never support any agreement that allows Iran to have fissionable material now, in 10 years, in 15 years' time, or ever.
- On Sept. 4, 2015, Johnny's <u>op-ed explaining his position on why he cannot support the deal</u> appeared in the *Atlanta Journal-Constitution*.

Islamic State in Iraq and the Levant (ISIL) & Iraq

- As a member of the Senate Committee on Foreign Relations, Johnny is participating in discussions for the best strategy to confront the threat posed by ISIL. Johnny supports the use of U.S. military force to eliminate the Islamic terrorist group.
- Central Intelligence Agency Director John Brennan testified on June 16, 2016, and warned that ISIL is as dangerous as ever and that "ISIL remains a formidable adversary ... I have never seen a time when our country faced such a wide variety of threats to our national security."
- Johnny is also skeptical of Iran's involvement in the area as they fund and train Shi'a militias to
 fight against ISIL. He fears that Iran's involvement could continue to deepen the sectarian
 divide.
- Johnny believes that if we do not consider the use of stronger military force against ISIL this
 threat is going to continue to grow. We need to equip and enable our armed forces and our
 intelligence agencies to root out terrorists wherever they are.



- Johnny has said that you can't negotiate with someone that will cut off your head, and that defeating ISIL will require a far greater U.S. military commitment than the administration and its coalition partners have expressed willingness to provide.
- ISIL and the terrorists they inspire have shown they are capable of striking well beyond the boundaries of Syria and Iraq. In the last few months, ISIL itself has commanded and controlled attacks in Lebanon, France, and Egypt. And now two terrorists apparently were inspired by ISIL in San Bernardino, California. Swift and decisive action is overdue.
- Should the debate about authorizing military force against ISIL restart in Congress, Johnny believes Congress must carefully review this proposal to ensure that any authorization meets the military's needs in order to successfully fulfill its mission to defeat ISIL, including strengthening the authorization.
- Johnny spoke at length with the *Thomasville Times-Enterprise* in April 2016 <u>regarding his strong</u> <u>position on ISIL</u> and the administration's need for a meaningful plan to destroy ISIL.

Background

- Since 2013, Islamic State fighters have used Syria both as a staging ground for attacks in Iraq and as an operating base.
- ISIL continues to expand its reach both physically to Afghanistan and by accepting the allegiance of Boko Haram in Nigeria and others across the Middle East, and virtually by using social media to influence lone wolves and recruit Foreign Terrorist Fighters to join ISIL's reign of terror.

Law Enforcement and Public Safety Protocol

- Johnny appreciates all those working in law enforcement to protect and serve who are keeping Americans safe from harm.
- Just as federal agencies must train their agents to effectively and safely enforce federal laws, local law enforcement agencies must equip their officers to protect local communities to the best of their ability.
- Johnny believes that recent tragedies in cities around the United States have demonstrated a need for a change in law enforcement policies, to protect police officers and the public that they serve and to restore mutual trust between law enforcement and law-abiding citizens.
- Johnny fully supports the concept of equipping on-duty law enforcement personnel with video cameras to provide assurance to both the public and law enforcement personnel that justice will be properly served. The use of video in particular situations would help personnel gather the necessary information and display the facts of a case to avoid the unreliability of cases built solely on witness testimony and other uncertain circumstances.
- Johnny has personally sought to promote greater reconciliation and understanding by listening to the voices of Georgians from different races and backgrounds.



- Johnny believes that all Americans should have their civil rights and civil liberties respected and upheld.
- Johnny believes that elected officials have a special responsibility to bring people together, and to avoid rhetoric that may lead to larger divisions.
- In Georgia, Johnny supports Governor Nathan Deal's efforts to reform the criminal justice system to better protect Georgians, making it safer and more prosperous.
- Johnny supports Georgia's accountability courts, veterans courts and drug courts to help save individuals from addiction, crime, recidivism, unemployment and incarceration. The vast majority of these individuals have been able to move forward with their lives as productive, taxpaying citizens.
- Johnny's thoughts and prayers are with all those affected by these issues, and with our nation. He prays that as we reflect and mourn, that together, we will find positive solutions for the future.

Net Neutrality - FCC's Open Internet Order

- "Net neutrality" is the philosophy that internet service providers, or ISPs, should not be allowed to prioritize content and services, particularly video, that come across their infrastructure.
- Johnny believes it is important to provide equal access for consumers and help keep a balanced playing field for all involved, especially those in rural communities in Georgia and across the country who don't have access to the same internet services as larger cities.
- While Johnny supports the principle of net neutrality, he is concerned that the Obama administration's Federal Communications Commission (FCC) went too far by regulating the internet as if it was a public utility. For that reason, he supported the current administration's decision to return broadband internet access service to its prior classification on Dec. 14, 2017.
- On May 16, 2018, by a vote of 52-47, the Senate voted to support a Congressional resolution of disapproval (CRA) introduced by Senator Ed Markey, D-Mass, that would restore the FCC's prior Obama-era regulation of internet service.
- Democrats have claimed without restoring the Obama-era regulations, internet speeds will dramatically slow down. This sweeping claim has already been deemed false in a <u>recent</u> <u>Washington Post fact check article</u>.
- Johnny believes that, instead, we should focus on a real legislative solution to protect net neutrality without applying 1930s-era utility regulations to this modern technology.



- The Markey resolution ignores many of consumers' concerns about the internet. It applies
 heavy regulation to internet service providers but does nothing at all to address the behavior of
 some of the biggest internet companies, including search engines and social media sites.
- Johnny supports enforcement of existing antitrust and consumer protection laws to ensure that ISPs, content providers, and other businesses do not engage in anticompetitive conduct.
- The Obama-era net neutrality rules expired on June 11.

North Korea (Democratic People's Republic of Korea)

- We must work towards a solution for peace and the complete, verifiable and irreversible cessation of North Korea's dangerous nuclear weapons program. The fate of millions of people depends on it.
- Johnny fully supports the United Nations Security Council's recent unanimous decision to impose the harshest sanctions against the North Korean regime. The strongest sanctions ever imposed on the regime were adopted on Sept. 11, 2017.
- Additionally, President Trump issued a new executive order imposing additional sanctions with respect to North Korea and they were placed on banks and individuals linked to North Korea by the U.S. Department of the Treasury in September 2017.
- Kim Jong Un's continued progress towards intercontinental ballistic missile capability must be stopped. Every test performed brings him closer to being able to strike the United States.
- In March 2018, the administration announced that President Trump would accept Kim Jong Un's invitation for a personal meeting, provided a number of preconditions are adequately met.
- On April 20, 2018, it was reported by Korean Central News Agency that North Korea would stop nuclear tests and launches of intercontinental ballistic missiles as of April 21, 2018. It was also reported that "the North will shut down a nuclear test site in the country's northern side to prove the vow to suspend nuclear test."
- Johnny believes that the "Singapore Summit" meeting between President Trump and Kim Jong Un, on June 12 was a good first step in a historic negotiation, but that it should be the first of many steps.
- Johnny believes that we have a long way to go, and that we will need to see the details of this initial agreement and what could follow.
- Johnny wants to make sure that any commitment made by North Korea to denuclearize is complete, verifiable and irreversible.
- Johnny is committed to carefully and thoroughly examining any final treaty that is reached to ensure proper approval and oversight of its implementation.



- Johnny believes that all military options must be on the table in the event that diplomacy fails. We must be able to respond quickly and decisively to North Korea's dangerous and destabilizing actions in order to protect our homeland and our allies.
- Johnny believes that the world cannot be held hostage by a single dictator. The regime's behavior must not be tolerated, and Johnny stands committed to stopping their nuclear ambitions.

Presidential Nominations

- · Johnny believes we ought to give President Trump and his team a chance to make their cabinet nominations and their agenda known so that we can all study them.
- There are executive nominations, including many White House positions, over which the Senate has no jurisdiction.
- Johnny is carefully evaluating the nominees over which the Senate has jurisdiction and will make a decision on each that's right for the people of Georgia.

Ethics Concerns over Cabinet Hearings

- The Senate has a longstanding tradition of confirming the Cabinet nominees of a newlyelected administration in a timely fashion, particularly when it comes to the incoming president's national security team.
- When President Obama was elected, Republicans and Democrats, including Johnny, worked together to carefully and expeditiously consider his nominees.
- Johnny believes that every nominee should have satisfied all applicable requirements for compliance with government ethics rules before they are voted on by the Senate.
- Johnny hopes the outgoing administration and Senate Democrats will work with Republicans in good faith to appropriately vet these nominees, without creating unnecessary delays purely for partisan political reasons.

Background:

• Senate Majority Leader Mitch McConnell has made it clear that he won't schedule floor votes for nominees that don't have all of the Office of Government Ethics/FBI boxes checked (and we expect that to also be a prerequisite for votes in committee). Democrats are trying to argue that we can't even BEGIN the hearing process until all of those requirements have been finalized – and then reserving the right to drag out the process once it begins because of their policy objections.

Russian Cyberattacks

• The Russians have been attempting to influence democratic processes across the world for decades. Johnny has said that Russia has done nothing to deserve our trust, and they should receive no special treatment.



- Nothing from the meeting between President Trump and President Putin in Helsinki has changed Johnny's assessment.
- Johnny remains committed to our alliances across Europe and will continue to advocate for a strong NATO alliance and a healthy trading relationship.
- Johnny has strong confidence in our intelligence agencies that work around the clock to keep us safe and guard against foreign spies and cyber threats.
- The U.S. Senate Select Committee on Intelligence has launched a bipartisan investigation into Russian meddling in the 2016 election.
- Johnny supports this investigation, and he was encouraged to see the July 3, 2018, summary from the Senate Intelligence Committee that supported the intelligence community's 2017 findings that Russia's cyber operations were extensive and sophisticated in their attempts to influence the 2016 election.
- On May 9, 2017, President Trump fired Federal Bureau of Investigation (FBI) Director James Comey. The inspector general for the Department of Justice released a report in June 2018 that criticized Director Comey's conduct during the build up to the 2016 election.
- In addition, on May 17, 2017, the U.S. Department of Justice announced the appointment of former FBI Director Robert Mueller as special counsel to lead its investigation into Russia's alleged interference into the 2016 president election.
- Robert Mueller is well respected by law enforcement officials across party lines, and Johnny thinks he is an excellent choice to lead this investigation.

NOTE: Congress has no Constitutional role in individual indictments and trials.

- The American people want and deserve answers to the questions that have been raised, and Johnny hopes that these independent investigations will ultimately bring to light the facts and help restore Americans' faith in our government.
- On July 27, 2017, the Senate voted 98-2 to place sanctions on Russia that would codify into law executive orders previously announced in direct response to its aggression in Ukraine, human rights abuses and malicious cyber activities targeting the United States. These sanctions have subsequently been implemented by the U.S. Treasury Department, and any presidential action to terminate or waive the sanctions would require Congressional review and approval.
- On July 13, 2018, Deputy Attorney General Rod Rosenstein announced the indictment of 12 Russian intelligence officers on charges related to interfering with the 2016 presidential election.
- As these investigations continue, Johnny is hopeful that the Senate can continue to focus on working on behalf of Georgians and the American people.

Talking Points on the Questioning of American Officials by Russian Investigators



- Johnny does not support turning over an American official to Russian investigators and has publicly stated this position.
- Johnny feels strongly about this and supported a Senate Resolution expressing that "the United States should refuse to make available any current or former diplomat, civil servant, political appointee, law enforcement official, or member of the Armed Forces of the United States for questioning by the government of Vladimir Putin." The resolution passed on July 19, by a vote of 98-0.
- Any such consideration or activity would be inconsistent from U.S. diplomatic standards and policy, including the Mutual Legal Assistance Treaty and Vienna Convention on Diplomatic Relations.
- Russia has done nothing to deserve our trust, and they should receive no special treatment.

Background:

- During the press conference with President Trump on July 16, Vladimir Putin stated his desire
 for Russian officials to question former Ambassador to Russia Michael McFaul and other
 Americans in exchange for allowing U.S. officials to question the Russians indicted last week in
 charges from Special Counsel Robert Mueller.
- During a White House press briefing on July 18, this proposal was not immediately rejected by the press secretary. Both the State Department and the director of the FBI have made public statements strongly opposing Vladimir Putin's proposed questioning of Americans.
- The Mutual Legal Assistance Treaty between the United States of America and the Russian Federation as well as the Vienna Convention on Diplomatic Relations provide protection and immunity for diplomats and other citizens of the United States.

House Intelligence Committee's Foreign Intelligence Surveillance Act Memo

- The decision to release the memo was made by the House Intelligence Committee and President Trump. As a member of the Senate, Johnny did not see the memo prior to its release.
- Johnny is chairman of the Senate Ethics Committee, and because it is unclear what might happen with the memo, he must refrain from commenting on its contents.
- Johnny supports the Federal Bureau of Investigation (FBI) and its agents who work tirelessly to protect our nation and keep it safe.

Savannah Harbor Expansion Project

- Johnny's top priority for Georgia is ensuring the on-time completion of the longstanding Savannah Harbor Expansion Project, and he has fought for many years to get the necessary federal support for this key economic development project.
- Dredging began to deepen the seaward half of the Savannah harbor, which extends 18.5 miles from Fort Pulaski into the Atlantic Ocean, in September 2015. Governor Nathan Deal announced completion of dredging work in the outer harbor on Feb. 28, 2018. The next step will be to award a contract for dredging of the inner harbor.



- The *Water Infrastructure Improvements for the Nation Act*, S.612, which was passed by the U.S. House and the U.S. Senate at the end of 2016 allows for a 75 percent federal share on harbor deepening projects up to 50 feet.
- Johnny, along with U.S. Rep. Buddy Carter, R-Ga.-01, and the entire Georgia delegation wrote to President Trump in December 2016 and again in 2017 requesting the project's budget receive a designation of \$100 million a year to keep the deepening on-track and as cost-effective as possible. Johnny also joined Sen. David Perdue, R-Ga., and Senate Energy & Water Appropriations Chairman Lamar Alexander, R-Tenn., in a meeting with Office of Management and Budget Director Mick Mulvaney to urge full funding of SHEP in the president's fiscal year 2019 budget.
- If the federal government allots less than \$100 million annually during the duration of the project, it cannot be completed on time and the resulting delays could ultimately cost taxpayers hundreds of millions of dollars. The Savannah Harbor Expansion Project received just \$50.06 million dollars in the president's fiscal year 2018 budget request, and Johnny and the delegation will continue working to ensure the additional needed annual funding is included in the omnibus spending bill expected in March.
- The president's fiscal year 2019 budget blueprint requested just \$49 million for the project. Johnny called on the federal government to meet its commitments to this top infrastructure project.
- Johnny, along with Sen. David Perdue and Rep. Buddy Carter also invited President Donald Trump and Vice President Mike Pence to visit the Port of Savannah at the earliest opportunity for a tour to better understand its value to American business.
- Johnny led the Georgia congressional delegation in a March 2018 letter to U.S. House Committee on Appropriations leaders expressing their strong support for high priority funding for the U.S. Army Corps of Engineers' deep draft navigation infrastructure programs and highlighting the benefits of the Savannah Harbor Expansion Project.
- The fiscal year 2018 government funding signed into law on March 23, 2018, includes a \$337 million increase over the president's original budget request for construction of U.S. Army Corps of Engineers navigation projects, such as the Savannah Harbor Expansion Project off the coast of Georgia.
- Johnny applauded the June 11, 2018, announcement in the U.S. Army Corps of Engineers' fiscal year 2018 work plan that the administration would fund the project for 2018 at a total of roughly \$85 million enough to keep the economic development project on track.
- The U.S. Army Corps of Engineers estimates that the harbor deepening project will bring \$282 million in annual net benefits to the United States. For the Post-Panamax II vessels, the extra five feet of depth will allow for an additional 3,600 cargo containers in each transit, an increase of 78 percent.



Background

- The federal government has a role in funding the Savannah Harbor Expansion project because the U.S. Constitution gives authority over navigable waters.
- According to the U.S. Army Corps of Engineers, the Savannah Harbor project has the highest cost-benefit ratio of any pending port project.
- As a result of the Fixing America's Surface Transportation Act passed by Congress in 2015 (legislation to fund the interstate highway system for five years), the Port of Savannah will receive \$44 million as part of the FASTLANE program, to help improve rail capacity, reduce traffic and commuter delays on roadways, enhance economic competiveness of the Savannah port and increase opportunities for global trade. Furthermore, this project will create both immediate and long-term jobs, while increasing economic development, and critical safety and environmental improvements.

Supreme Court Vacancy

- The Appointments Clause is part of Article II, Section 2, Clause 2 of the United States Constitution, which empowers the president of the United States to nominate Supreme Court justices with the advice and consent of the Senate (confirmation).
- President Trump is not on the ballot this November, and he will still be in office for another two years.
- In 2016, when the last Supreme Court seat became vacant, President Obama was in the final months of his second term, and we were just months away from a presidential election.
- Today, we are in the middle of this president's first term.
- The situation today is much like when Justice Kagan was confirmed in 2010, in the middle of President Obama's first term.
- And when Justice Breyer was confirmed in 1994. And Justice Souter, in 1990.
- Just like in numerous other occasions, Leader McConnell has announced that the process to confirm Justice Kennedy's successor will take place this year.

Kavanaugh nomination

- On July 9, President Trump nominated Judge Brett M. Kavanaugh of the U.S. Court of Appeals for the District of Columbia Circuit to fill the Supreme Court vacancy created by Justice Anthony Kennedy's retirement.
- Any judge on the nation's highest court should be one who understands and applies the law based on the U.S. Constitution, not political whims, and Johnny has confidence that Judge Kavanaugh would fulfill these duties accordingly.
- Judge Kavanaugh is a talented and experienced jurist, and his record indicates that he shares a strong commitment to the Constitution and the rule of law.
- Johnny had a positive and constructive meeting with Judge Kavanaugh on July 17. He looks forward to working with his Senate colleagues and the administration during the confirmation process to ensure that this highly qualified candidate is voted on by the Senate in time for the Court's next session.



Syria

- On April 6, 2017, President Trump ordered missile strikes against the Assad regime's air base in Syria where chemical weapons were again deployed against innocent civilians in Syria on April 4, 2017.
- Following another chemical attack by the Assad regime against its own civilians on April 7, 2018, the United States on April 13, 2018, again carried out a series of precision strikes with coalition partners France and the United Kingdom meant to degrade and destroy Syria's ability to perpetrate another chemical weapons attack.
- As a member of the Senate Committee on Foreign Relations, Johnny believes President Trump's actions send a clear signal to the world that war crimes such as these will not be tolerated.
- Johnny agrees with President Trump that we stand united with our coalition partners to send the strongest message possible to the world that this kind of reckless disregard for humanity and international norms will result in devastating consequences.
- Following previous chemical attacks against the Syrian people, the Russians made commitments to ensure that chemical weapons were no longer in Syria. Sadly, the events of April 4, 2017, and April 13, 2018, have proven that Russia failed to live up to its commitments.
- As we continue to examine the path forward to defeat ISIS and deal with the now seven-yearold Syrian civil war, both of which are destabilizing the region, the administration and Congress must work together to form a strategy and authorize any sustained military actions.
- Johnny wants to see the Congress and the administration to work together to craft a modernized authorization of use of military force.

Syrian Refugees

- Johnny has been on the record stating that the Obama administration's inaction and indecision in Syria opened the door for the Assad regime to perpetrate atrocities on his own people and created that vacuum that the Islamic State of Iraq and the Levant, or ISIL, fills and that has led to the current crisis.
- Johnny remains particularly concerned by reports that some of the ISIL terrorists who carried out attacks in Paris appear to have entered Europe posing as Syrian refugees.
- Johnny believes that the U.S. has been marginalized in the attempts to end this bloody civil
 war.
- Johnny hopes the Trump administration will be able to return the U.S. to position of strength in dealing with this issue, instead of ceding the negotiating power to Russia, Iran, and Turkey.



- Johnny believes Congress must be a check and provide every bit of oversight necessary to ensure there are no gaps in the screening process.
- Furthermore, state and local governments should have a voice in the process for resettling refugees, and the federal government must take into account state and local community resource needs, as well as concerns about safety and security.
- Refugees come to this country from all over the world seeking a better life, often fleeing terrible situations. Our country has a tradition for accepting those who are "yearning to breathe free" and it's a tradition we should be proud of.
- Johnny believes that America should continue to be welcoming to refugees who are fleeing war and persecution and who share America's ideals and values.
- However, Johnny believes we cannot be naïve and think that those who seek to destroy our liberty will not try to exploit our generosity.
- Johnny believes that our nation's screening process should be rigorous, and that we must have a strong strategy for ensuring that radical jihadists are kept out of the U.S.

Background

- Johnny voted on Jan. 21, 2016, for the *American Security Against Foreign Enemies (SAFE) Act*, H.R.4038, which would have prohibited further resettlement of any refugee from Iraq and Syria unless multiple federal agencies are able to certify that the refugee does not pose a security threat to the United States. This legislation did not receive enough votes to pass the Senate.
- During the 114th Congress, Johnny also supported an amendment to H.R.4038 that would have given governors a voice in the refugee resettlement process and authorized them to veto resettlement into their state under certain circumstances, as Georgia's Governor Nathan Deal has sought to do.
- In fiscal year 2015 (Oct. 1, 2014- Sept. 30, 2015), the United States allowed admission of a maximum of 70,000 refugees for that fiscal year from around the world.
- There is an extensive screening process for individuals who have applied for refugee status, which typically takes about 18-24 months to complete. The screening process is conducted by the Department of State, the Department of Homeland Security, and the Department of Health and Human Services and is important so that we can ensure our national security is maintained, especially as it can be compromised by terrorist organizations.

Tax Reform

Process

- · On Nov. 9, 2017, the Senate Finance Committee released a pro-growth, comprehensive tax reform plan after holding more than 70 bipartisan hearings during the past seven years.
- The Senate Committee on Finance passed its tax reform legislation on Nov. 16, 2017.



- · Following hours of debate on the Senate floor and additional amendments offered by members of both political parties, the Senate passed its *Tax Cuts and Jobs Act* tax reform legislation on Dec. 2, 2017.
- · As part of the Senate's commitment to move the legislation through regular order, the Senate formally voted on Dec. 6, 2017, to join the House in a conference to resolve differences between the two chambers' bills. The House and Senate announced the final Tax Cuts and Jobs Act on Dec. 15, 2017. The Senate passed the final bill on Dec. 20, 2017, and the House passed the same final bill later that day. The president signed the bill into law on Dec. 22, 2017.
- · Johnny appreciates the commitment by Congressional leaders and the president to move this important measure through the regular legislative process, which has improved transparency and led to a better final product.

Substance

- The final tax reform legislation has been years in the making.
- The *Tax Cuts and Jobs Act*, H.R.1, overhauls America's outdated tax code to deliver historic tax relief for workers, families and job creators, and revitalize our nation's economy.
- By lowering taxes across the board and modernizing our international tax system, the Tax Cuts
 and Jobs Act will help create more jobs, increase paychecks, and make the tax code simpler and
 fairer for Americans of all walks of life.
- All income groups on average will see their taxes go down under the new tax law, according to Congress's tax scorekeeper, the Joint Committee on Taxation.
- **In Georgia,** the *Tax Cuts and Jobs Act* will add more than 10,000 new jobs, and middle-income families in Georgia will see an average boost of nearly \$600 in after-tax income.
- · For American families, the Tax Cuts and Jobs Act:
 - ✓ **Doubles the child tax credit** from the current \$1,000 to \$2,000.
 - ✓ Lowers individual taxes and sets rates at 0, 10, 12, 22, 24, 32, 35 and 37 percent, so taxpayers can keep more of their hard-earned money.
 - ✓ **Significantly increases the standard deduction** to protect roughly double the amount of what taxpayers earn each year from taxes.
 - ✓ Preserves the child and dependent care tax credit to help families care for their children and dependents who may need additional support.
 - ✓ **Preserves the adoption tax credit** for parents of adopted children to help defray the cost of adoption.
 - ✓ Preserves the mortgage interest deduction, providing tax relief to current and future homeowners.
 - For all homeowners with existing mortgages that were taken out to buy a home, there will be no change to the current mortgage interest deduction.
 - For homeowners with new mortgages on a first or second home, the home mortgage interest deduction will be available for mortgages up to \$750,000.



- ✓ Provides relief for Americans with high medical bills by expanding the medical expense deduction for 2017 and 2018 for medical expenses exceeding 7.5 percent of adjusted gross income, while maintaining the current deduction for expenses over 10 percent of income beginning in 2019.
- ✓ Continues and expands the deduction for charitable contributions so people can continue to donate to their local church, charity, or community organization.
- ✓ Eliminates Obamacare's individual mandate penalty tax providing families with muchneeded relief and flexibility to buy the health care that's right for them if they choose.
- ✓ Maintains the Earned Income Tax Credit to provide important tax relief for low-income Americans working to build better lives for themselves.
- ✓ **Improves savings vehicles for education** by allowing families to use 529 accounts to save for elementary, secondary and higher education.
- ✓ **Supports graduate students** by continuing to exempt the value of reduced tuition from taxes.
- ✓ **Retaining popular retirement savings options** such as 401(k)s and Individual Retirement Accounts (IRAs) so Americans can continue to save for their future.
- ✓ Increasing the exemption amount from the Alternative Minimum Tax (AMT) to reduce the complexity and tax burden for millions of Americans.
- ✓ **Providing immediate relief from the estate tax** by doubling the amount of the current exemption to reduce uncertainty and costs for many family-owned farms and businesses.
- · For job creators of all sizes, the Tax Cuts and Jobs Act:
 - ✓ Provides tax relief for Main Street small businesses to enable the small businesses that drive our economy to grow and create new jobs.
 - ✓ Reduces the corporate tax rate for American businesses from 35 percent to 21 percent permanently (beginning Jan. 1, 2018), and the international tax system is reformed to put American businesses and American workers on a level playing field with the rest of the world.
- · For greater American energy security and economic growth, the Tax Cuts and Jobs Act:
 - ✓ Establishes an environmentally responsible oil and gas program in the non-wilderness 1002 Area of the Arctic National Wildlife Refuge (ANWR).
 - ✓ Significantly boosts American energy production. Responsible development in the 1002 Area will raise tens of billions of dollars for deficit reduction in the decades to come, while creating thousands of new jobs, reducing our dependence on foreign oil, and helping to keep energy affordable for American families and businesses.
 - ✓ Provides a temporary increase in offshore revenue sharing for the Gulf Coast in 2020 and 2021, allowing those states to invest in priorities such as coastal restoration and hurricane protection.

Why We Need Tax Reform

- · For too many families, wages have remained stagnant for far too long while health care and other basic necessities have become increasingly expensive.
- · For job creators, business tax rates are too high and thwart competitiveness, and our tax code has created an incentive for businesses to move their headquarters and jobs overseas rather than investing in America.



- · By taking these long-awaited and important steps to gut and rewrite our tax code, we are demonstrating that America is ready to compete again and our nation is open for business.
- · We need a laser-focused approach in Washington to help our nation's economy move well beyond the tepid growth we've seen for the last decade, drive employment gains and get money back into the pockets of Americans.
- · This once-in-a-generation tax overhaul will bring a new era of job growth, wage increases, and a higher standard of living for American workers and families.

Background:

- The Senate Committee on Finance has jurisdiction in the Senate over tax reform, and the committee was tasked with taking the lead on writing tax reform legislation.
- Johnny is a member of the U.S. Senate Committee on Finance, and he played an active role in this overhaul as members of Congress and the administration worked together to enact comprehensive tax reform for the good of our nation.
- Johnny believed every provision of the tax code should be reviewed to determine whether its benefits outweigh its costs, and those that did not should be eliminated to reduce taxes for all Americans.
- U.S. House of Representatives passed the Senate's fiscal year 2018 budget on Oct. 26, 2017, and it paved the way for Congress to continue its work on tax reform. The House Ways and Means Committee passed its legislation on Nov. 9, 2017, and the full House of Representatives passed its tax reform legislation, H.R.1, on Nov. 16, 2017.
- The House and Senate announced the <u>final Tax Cuts and Jobs Act on Dec. 15, 2017</u>, and it was signed into law on Dec. 22, 2017.

Trade Agreements

Trade Promotion Authority (TPA):

- Trade Promotion Authority allows Congress to set out clear negotiating objectives for the
 president to enter into international trade agreements. Congress can approve the agreement with
 an up or down vote if the objectives and requirements are met. If not, or if Congress believes
 the agreement will ultimately not benefit the United States, Congress can disapprove the trade
 agreement.
- On June 24, 2015, the Senate passed Trade Promotion Authority with Johnny's support by a vote of 60-38. It was signed into law in June 2015.
- Throughout this process, Johnny has been working to ensure that trade rules benefit Georgia, for example by enabling Georgia farmers and manufacturers to export their products to global markets.
- Trade Promotion Authority provides for unprecedented congressional oversight of the negotiating process and it bars agreements from making any changes to U.S. law without further congressional action.



- It protects and enhances Congress' role in the trade negotiating process, while making sure that presidents of either party will have the ability to negotiate good agreements that can increase growth in the American economy and support high-quality American jobs.
- Johnny feels this necessary legislation allows one representative from the United States to negotiate trade agreements rather than 535 members of Congress. Under TPA, the president will negotiate trade agreements with other countries and then deliver the terms of the negotiated agreement to Congress for either approval or rejection of the agreement.
- Johnny participated in Senate Finance Committee hearings on this matter and voted for an amended *Bipartisan Congressional Trade Priorities and Accountability Act of 2015* (TPA-2015), which passed committee along with three other bills directly related to the trade agenda.

Background information/Trade Data for Georgia:

- In Georgia, 1.2 million jobs are directly connected to international trade (41 million across the US).
- The Georgia Department of Economic Development reported that Georgia's exports were worth \$35.7 billion of goods in 2016.
- 26 percent of Georgia's total exports went to Canada and Mexico in 2016.
- Georgia's exports have increased 52 percent in the last decade, covering 214 countries and territories across the globe.

Trans-Pacific Partnership (TPP):

- The **Trans-Pacific Partnership** was a regional regulatory and investment trade agreement with 12 Asia-Pacific nations.
- On Jan. 23, 2017, President Trump stated that he would withdraw the United States from TPP negotiations.
- TPP covered two-fifths of the world economy, and one-third of international trade.
- On March 8, 2018, a partnership treaty called the Comprehensive and Progressive Agreement for Trans-Pacific Partnership was signed by 11 nations, not including the United States that will eliminate trade barriers and streamline economic policies for countries across a vast stretch of the Pacific Rim.

Transatlantic Trade and Investment Partnership (TTIP):

- Transatlantic Trade and Investment Partnership is a proposed free trade agreement between the European Union and the United States.
- The 13th round of TTIP negotiations were held in New York City from April 25-29, 2016.
- Johnny feels that a well-negotiated TTIP agreement would result in multilateral economic growth.



• It doesn't make sense that we have free trade agreements with 20 countries, but none with our European and NATO allies who are key partners in defending U.S. national security.

Trade and Announced Tariffs on Steel and Aluminum

- On May 31, 2018, the administration announced that the United States will impose tariffs on imports of steel and aluminum from the European Union, Canada and Mexico.
- When the administration first announced the possibility of imposing tariffs on aluminum and steel imports in March 2018, Johnny voiced his opposition to the policy.
- Johnny's position remains unchanged.
- Johnny believes that these taxes would harm Americans and impede economic growth.
- Johnny has written to U.S. Secretary of Commerce Wilbur Ross in support of the U.S. steel industry and U.S. manufacturers, arguing that import restrictions would negatively affect the industry and its employees.
- Johnny is also concerned that imposing these tariffs on our allies is a distraction from the more important long-term need to combat China's unfair trade practices.
- Johnny believes President Trump's goal of negotiating agreements with our trading partners to ensure American farmers, businesses and workers have a level playing field is admirable but feels we should avoid trade wars that harm U.S. jobs and American business.
- Johnny has spoken out in committee hearings on this topic to officials in the administration and spoken to the administration privately.
- In order to allow Congress to work more closely with the administration to address unfair trade policies with a targeted approach that does not harm American workers and consumers, Johnny cosponsored legislation that would require Congressional approval of any tariffs levied on imports in the name of national security under Section 232 of the *Trade Expansion Act of 1962*.
- Johnny voted with the Senate in July on a resolution suggesting that Congress play a role in approving future tariffs so that the U.S. government can be on the same page and work together to help American workers.

Background

• In Georgia alone, manufacturing and trade industries account for \$54.46 billion in economic output. Many of Georgia's leading manufacturers depend on access to aluminum and steel products, and there is not sufficient domestic supply for these materials to meet the needs of Georgia manufacturers. Over the last decade, international trade in Georgia has grown by 53 percent, making Georgia eighth in the United States for trade.



Veterans' Affairs Committee

- At the beginning of the 114th Congress, Johnny was named chairman of the Senate Committee on Veterans' Affairs. He will remain as chairman for the 115th Congress.
- As chairman, Johnny has pledged that the top priority of his committee is to make sure America
 takes care of the veterans who have dedicated their lives to serving our country. You can follow
 committee-specific information at <u>veterans.senate.gov</u>.
- Johnny has said that as chairman, he believes we should not be satisfied with 'good enough,' and should always be looking for ways to improve the U.S. Department of Veterans Affairs.
- As chairman of the committee again in the 115th Congress, Johnny is dedicated to ensuring the U.S. Department of Veterans Affairs (VA) has the tools it needs to deliver the best possible health care and services to our deserving veterans. This includes ensuring accountability, reforming the appeals process and making sure veterans have access to timely care.
- On May 18, President Trump announced his intention to nominate Robert Wilkie, acting secretary of the VA, to be secretary of the department.
- Johnny has enjoyed his time getting to know Robert Wilkie and working alongside him to advance community care legislation through Congress.
- Johnny announced his support for Robert Wilkie to be VA secretary and has confidence that he
 is the right person to lead the VA.
- Johnny has said that Wilkie has the expertise and the positive attitude to take on challenges that lie ahead, and he will prove indispensable in helping transform the VA.
- The Senate Committee on Veterans' Affairs favorably approved Wilkie to be VA secretary by voice vote on July 10, and he was confirmed by the Senate on July 23. He was sworn in as VA secretary on July 30.
- In 2017 and 2018, the Senate Committee on Veterans' Affairs has:
 - **Held 26 hearings** on various topics including the Veterans Choice Program, GAO's inclusion of the Veterans Health Administration on its "High Risk List," and veteran suicide prevention.
 - **Held 10 joint hearings** with the House Committee on Veterans' Affairs to hear from veterans service organizations.
 - Considered **43 pieces of legislation**.
 - Confirmed 14 of President Trump's nominees for various positions at the VA and the U.S. Court of Appeals for Veterans Claims.



- Additionally, the Senate has passed 18 pieces of major veterans legislation, which have all been signed into law, including:
 - **VA MISSION Act,** streamlining and strengthening VA community care programs to ensure veterans receive efficient, timely and quality care. (Public Law 115-182)
 - Veterans Affairs Accountability and Whistleblower Protection Act, holding the VA accountable to our veterans and protecting the rights of whistleblowers. (Public Law 115-41)
 - Veterans Appeals Improvement and Modernization Act of 2017, modernizing the woefully outdated benefits claims appeals process at the VA. (Public Law 115-55)
 - *Harry W. Colmery Veterans Educational Assistance Act of 2017,* improving veterans' G.I. Bill education benefits. (Public Law 115-48)
 - *Veterans Choice Program Improvement Act*, ensuring veterans have access to timely care in their own communities. (Public Law 115-26)
 - *VA Choice and Quality Employment Act of 2017,* providing funding for Choice and strengthening VA care. (Public Law 115-46)
 - *VA Prescription Data Accountability Act*, allowing the VA to securely share opioid prescription data with states. (Public Law 115-86)
 - Veterans Apprenticeship and Labor Opportunity Reform Act, streamlining the process for non-federal veterans' job training programs. (Public Law 115-89)
 - Veterans Cemetery Benefit Correction Act, providing equal burial benefits for veterans interred in National Park Service cemeteries. (Public Law 115-184)
 - VA Senior Executive Accountability Act, preventing rogue employees from being reassigned within the VA without the VA secretary's approval. (Public Law 115-188)

VA MISSION Act of 2018

- The John S. McCain III, Daniel K. Akaka and Samuel R. Johnson VA Maintaining Internal Systems and Strengthening Integrated Outside Networks (MISSION) Act, or VA MISSION Act for short, includes some of the most significant reforms proposed to-date to improve the VA's current healthcare delivery system and helps provide veterans with more choice and fewer barriers to care.
- America's veterans fought to protect our freedoms and ensure our way of life, and as members
 of the Senate, we are responsible for ensuring that we take care of the veterans who dedicated
 their lives to serving our country.
- The VA MISSION Act will dramatically change the way the VA delivers care to veterans.
- This legislation will consolidate the VA's seven community care programs into one streamlined 'Veterans Community Care Program' to provide veterans with access to efficient, timely and quality health care and services in their own communities.



- We are putting the needs of veterans first by giving them the option of seeking care when and where it makes the most sense for their needs, and we are creating a force multiplier for the VA to better utilize its resources and provide even better care to veterans.
- Under this legislation, a veteran and his or her doctor will decide where that veteran will receive
 care, taking into consideration the veteran's healthcare needs and the availability and quality of
 both VA and community care.
- The VA MISSION Act also expands eligibility for the VA's Program of Comprehensive Assistance for Family Caregivers to veterans of all generations.
- In addition, the legislation will help improve existing VA health care and services by removing barriers for VA healthcare professionals to practice telemedicine, strengthening opioid prescription guidelines for non-VA providers and partnering with community care providers, and eliminating impediments to hiring and retention of VA healthcare professionals.
- This bicameral, bipartisan legislation is truly a testament to what can be accomplished when Congress works together.
- We are honoring the lasting impact that U.S. Senator John McCain, R-Ariz., the late Senator Daniel Akaka, D-Hawaii, and U.S. Rep. Sam Johnson, R-Texas, have each had on the lives of our nation's veterans by naming this landmark legislation after them.
- The VA MISSION Act has received broad support from 38 leading military and veterans groups that represent millions of veterans in the United States and is supported by President Trump and Acting VA Secretary Wilkie.
- The VA MISSION Act passed in both chambers of Congress by overwhelming margins. The landmark legislation passed the U.S. Senate on May 23, 2018, by a vote of 92-5. It passed the U.S. House on May 16 by a vote of 347-70.
- The <u>VA MISSION Act was signed into law</u> by President Trump on June 6, 2018.

VA Appeals Backlog

- Johnny has consistently supported efforts to modernize the appeals process for veterans seeking disability benefits. He included a pilot program to expedite and reform the appeals process in his *Veterans First Act*. He has repeatedly expressed his willingness to work with the Department of Veterans Affairs (VA) on a broader appeals reform proposal contingent upon the VA coming up with a realistic plan to address the more than 460,000 veterans who have pending appeals now.
- Although strong support is building around the VA's general plan, the proposed new appeals
 system would apply only to appeals coming in the door after the new system takes effect.
 Unfortunately, it would not do anything to help the more than 460,000 veterans and their family
 members who have appeals pending now and have already been waiting for too long.
- As one of the greatest challenges facing the VA, Johnny and his staff are continuing to work
 with the VA, members of Congress and veterans service organizations to enact reforms that
 address the existing backlog of claims as well as reform the appeals system to prevent a future
 backlog.
- On May 3, 2017, Johnny introduced bipartisan legislation aimed at reducing wait times for veterans seeking benefits from the VA. The <u>Veterans Appeals Improvements and Modernization Act of 2017</u> was created with input from the VA and veterans groups, overhauls the current appeals



process and puts in place a new system that is more transparent and allows veterans to choose the option that is right for them. The legislation passed both chambers of Congress and was signed into law on Aug. 23, 2017.

• Johnny is committed to helping veterans with existing appeals and encourages any veteran having difficulty with the VA to contact his office at 770-661-0999.

Committee Goals

- Johnny's first and ongoing priority as chairman will be overseeing the implementation of the *Veterans' Access, Choice, and Accountability Act of 2014*, the sweeping reform legislation to address serious and systemic problems and give the VA the tools required to help improve the quality and timeliness of care by giving veterans a choice.
- The *Veterans Choice Act* also made changes to VA's employment practices to promote more accountability for senior VA officials. These changes provide the flexibility to remove senior employees based on performance or misconduct. Johnny is committed to doing everything in his power to help drive the VA toward a culture of accountability and customer service.
- Second, Johnny is leading the committee to ensure drastic improvements to the experience service members and their families face while transitioning from active duty to veteran status.
 There needs to be direct inter-agency collaboration between the Department of Defense and the VA to make sure this transition process is seamless and efficient in all respects.
- A third goal for the Senate Veterans' Affairs Committee is to make certain everything possible is being done to protect victims, male and female, of military sexual trauma. The committee will not overlook this serious issue affecting both men and women any longer. The Senate Veterans' Affairs Committee is dedicated to reducing the stigma associated with military sexual trauma and to providing access to care and support for veterans who are victims of this terrible trauma.
- Fourth, the Senate Veterans' Affairs Committee will work with the VA to achieve its goal of eradicating and preventing veteran homelessness. It is an insult this problem even exists. Johnny has pledged to do all he can to see to it that veterans have access to adequate housing, food and support.
- Finally, the Senate Veterans' Affairs Committee will work to ensure the VA provides access to adequate and timely mental health care and services. This problem deserves our immediate attention. That is exactly why the first item of business when Johnny took over as chairman in 2015 was to pass bipartisan legislation the Clay Hunt Suicide Prevention for American Veterans Act to help our veterans. The legislation was signed into law on Feb. 12, 2015.



Transcript edits

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From: administrative group

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To: "Slemrod, Jonathan (CFPB)" Ex 6 - (5 U.S.C. Sec 552(b)(6))

Date: Fri, 24 Aug 2018 13:36:31 -0400

Attachments

19 July 2018 With Edits.pdf (560.21 kB); Handwritten edits.pdf (437.16 kB)

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LRM [OG-115-456] DUE 11/8 @ 5:00 P.M. DHS Questions for the Record on Oversight of Efforts to Protect Unaccompanied Alien Children From Human Trafficking and Abuse

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DEADLINE: 5:00 P.M. Thursday, November 08, 2018

Attached for your review, please find draft DHS (CBP) QFRs from an August 16th Senate Homeland Security and Governmental Affairs hearing on "Oversight of Efforts to Protect Unaccompanied Alien Children From Human Trafficking and Abuse." Please provide any edits on the draft testimony by the deadline.

LRM ID: 0G-115-456 EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET

LEGISLATIVE REFERRAL MEMORANDUM Thursday, November 01, 2018

TO: Legislative Liaison Officer - See Distribution



FROM: Ventura, Alexandra (for) Assistant Director for Legislative Reference SUBJECT: LRM [OG-115-456] DUE 11/7 @ 5:00 P.M. DHS Questions for the Record on Oversight of Efforts to Protect Unaccompanied Alien Children From Human Trafficking and Abuse

OMB CONTACT: Gonzalez, Oscar

E-Mail: Oscar_Gonzalez@omb.eop EX

PHONE: **(202) 395-3923** FAX: **(202) 395-3109**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. By the deadline above, please reply by e-mail or telephone, using the OMB Contact information above.

Please advise us if this item will affect direct spending or receipts for the purposes of the Statutory Payas-You-Go Act of 2010.

Thank you.



House Committee on Appropriations News Clips: June 20, 2018

From: "Doelp, Tom" Ex 6 - (5 @mail.house.gov>

To: "Doelp, Tom" Ex 6 - (5 @mail.house.gov>

Cc: "Hernandez, Marta (Dehmlow)" < Ex 6 - (5 U.S.C. pmail.house.gov>

Date: Wed, 20 Jun 2018 16:29:11 -0400

General Appropriations News June 20, 2018

Senate Blocks Trump Plan to Cut \$15B in Unused Spending

By: Matthew Daly, AP

The Republican-controlled Senate on Wednesday blocked a White House plan to cut almost \$15 billion in unused government money slated for children's health insurance and other programs.

Spending Cuts Bill Coulda Been a Contender for 'Largest Ever'

By: Peter Cohn, CQ

President Donald Trump's effort to claw back nearly \$15 billion in unspent funds from years past — dubbed the "largest ever" by White House and senior GOP officials — is starting to have a distinct Terry Malloy-like feel.

House GOP budget sets up massive safety net cuts, Obamacare repeal bid

By: Sarah Ferris, Politico Pro

House Republican budget writers debuted an ambitious deficit-reduction plan Tuesday that would force GOP committees to cut at least \$302 billion over a decade and potentially lay the groundwork for another repeal vote on Obamacare.

Burr's Surprise 'No' Vote Puts Rescissions Package on Ice

By: Ryan McCrimmon, CQ

Sen. Richard M. Burr, R-N.C., may have put the nail in the coffin of President Donald Trump's prized spending cuts package.

House GOP plan would cut Medicare, Social Security to balance budget

By: Erica Werner, Washington Post

House Republicans released a proposal Tuesday that would balance the budget in nine years — but only by making large cuts to entitlement programs, including Medicare and Social Security, that President Trump vowed not to touch.

Funding Shift From Homeland to Veterans Approved by House Panel

By: Jennifer Shutt, CQ

House appropriators agreed to reshuffle spending allocations for fiscal 2019 on Wednesday, reducing the Homeland Security bill's allocation by \$1.1 billion to accommodate an increase to the Military Construction-VA spending bill.



Homeland

Trump signs executive action halting family separations

By: Andrew Restuccia and Lorraine Woellert, Politico

President Donald Trump signed an executive action Wednesday that ends the administration's policy of separating migrant families crossing the U.S.-Mexico border, abandoning the president's previous stance that only Congress can fix the problem.

Interior

Conservation Fund Renewal Gets Bipartisan Push in Senate

By: Jeremy Dillon, CQ

A bipartisan group of lawmakers are pushing for the permanent reauthorization of a popular public lands conservation program as its current authorization ends with this fiscal year.

Defense

U.S. military budget inches closer to \$1 trillion mark, as concerns over federal deficit grow

By: Jeff Stein, Washington Post

The U.S. Senate on Monday voted to give the military \$716 billion for 2019, approving one of the biggest defense budgets in modern American history despite concerns from some economists and lawmakers about the rapidly rising federal deficit.

General Appropriations News

AP June 20, 2018

Senate Blocks Trump Plan to Cut \$15B in Unused Spending

By: Matthew Daly

The Republican-controlled Senate on Wednesday blocked a White House plan to cut almost \$15 billion in unused government money slated for children's health insurance and other programs.

Two Republicans — Susan Collins of Maine and Richard Burr of North Carolina — joined with Democrats to defeat the measure. Fifty senators opposed the plan and 48 supported it.

The so-called rescissions package would take a mostly symbolic whack at government spending because it would eliminate leftover funding that likely would not have been spent anyway. The name comes from the fact the plan would have rescinded previously approved spending.

President Donald Trump and GOP conservatives had embraced the plan following passage in March of a \$1.3 trillion catchall spending bill they say was too bloated.

The GOP-controlled House narrowly passed the spending cuts earlier this month.

The budget deficit is on track to exceed \$800 billion this year despite a strong economy.



Democrats complained that the rescissions plan would take away \$7 billion from the popular Children's Health Insurance program so it couldn't be used later.

Sen. Patrick Leahy, D-Vt., said the idea that Republicans would claw back billions of dollars from children's health insurance, affordable housing and rural development after forcing through massive tax cuts "goes beyond laughable. It's unconscionable."

But Sen. Mike Lee, R-Utah, said that spending rescissions were a common practice in past decades and were usually done on a bipartisan basis.

"Returning unused taxpayer money isn't just good government. In a republic, it should be expected. It should be the norm," Lee said.

Burr's opposition was unexpected and came after he was not guaranteed a vote on his amendment to protect funding for land and water conservation. The rescissions package included \$16 million in Land and Water Conservation Funds designated for the Forest Service and promised to specific projects.

Burr and other senators led a bipartisan news conference Wednesday to mark 100 days until the conservation program expires unless Congress votes to reauthorize it.

Collins said in a statement Wednesday that the rescissions package was unnecessary.

"My belief is that it's the job of Congress to comb through these accounts, and that's what we do on the (Senate) Appropriations Committee," she said.

CQ June 20, 2018

Spending Cuts Bill Coulda Been a Contender for 'Largest Ever'

By: Peter Cohn

President Donald Trump's effort to claw back nearly \$15 billion in unspent funds from years past — dubbed the "largest ever" by White House and senior GOP officials — is starting to have a distinct Terry Malloy-like feel.

Like Marlon Brando's legendary "On the Waterfront" boxer who aimed high but ultimately took a fall, the rescissions bill championed by the White House seems likely to fall short of the Senate votes needed to become law later this week.

But it's worth asking the question: would it really have been the "largest ever" cuts package of its kind, as administration officials and their allies on Capitol Hill have said repeatedly?

Here's House Speaker Paul D. Ryan, R-Wis., in a June 7 tweet after the chamber voted to narrowly approve the cuts package (HR 3) on a 210-206 party-line vote: "JUST NOW — House Republicans voted to cut \$15 billion in wasteful government spending — the largest rescission package in history."

During floor debate earlier that day, Rep. Tom Cole, R-Okla., called it "the largest rescission package in the history of Congress."



And here's Office of Management and Budget Director Mick Mulvaney, speaking on Fox Business the day the request was first submitted May 8: "If this passes, it will be the largest rescissions package to pass in history."

Meanwhile, a senior administration official explained to CQ in an email that their request — since shaved to \$14.8 billion as estimated by OMB, or \$14.7 billion using Congressional Budget Office numbers — "is the largest single presidential rescissions ever proposed using the authorities in" the 1974 law that established the modern budget process and rescission authority. And here's another qualifier: the request is the largest ever "in nominal dollars," according to the senior official, or not adjusted for inflation.

Given there are several different ways of thinking about what it means to be the "largest ever" rescissions package, CQ combed the archives to figure out the best way to characterize the relative size of the cuts.

Presidential Requests

In looking just at rescissions proposed by various presidents, CQ found that indeed, in nominal terms, the Trump request, both as proposed initially on May 8 and revised to attract votes June 5, is the "largest ever." The only other individual presidential requests that come close are President Ronald Reagan's \$11.1 billion cuts request submitted on March 17, 1981, and two others from Reagan — for \$10.7 billion proposed Feb. 5, 1982 and \$9.9 billion on Feb. 5, 1986.

However, that's in nominal terms. Given that a dollar today buys much less today than it did decades ago, adjusting the figures for inflation can provide a more meaningful comparison.

Using the "composite deflators" provided in OMB's historical tables to convert actual spending and tax receipts in each fiscal year to constant dollars at 2009 prices, we find that Reagan's 1981 request is by far the largest in inflation-adjusted terms, at \$25.3 billion. Reagan's 1982 and 1986 requests come in second and third, respectively, and Trump's revised submission drops to fifth at \$12.9 billion when converted to 2009 dollars.

Enacted Rescissions

Another way to look at the "largest ever" question is with the construct Mulvaney used — rescission packages that have actually been approved in both chambers of Congress. While the 1974 law offers expedited procedures for presidential rescission requests, lawmakers can and regularly do initiate their own rescissions; they just need to cobble together 60 votes to advance in the Senate as opposed to cuts requested by a president.

While administration officials aren't necessarily counting lawmaker-initiated rescissions in their comparisons, CQ found at least two instances where rescission packages became law that were larger, even in nominal terms, than Trump's request, should it overcome objections and be enacted.

For instance in late 2005, President George W. Bush signed a fiscal 2006 Defense appropriations bill that carried a supplemental spending package for Hurricane Katrina and to help prepare for a possible avian flu pandemic (PL 109-148). The measure included nearly \$33.6 billion in rescissions, with \$23.4 billion of that from the Federal Emergency Management Agency's Disaster Relief Fund, used to offset the entire cost of the supplemental spending and still have nearly \$1 billion left over.



And in 1995, Congress responded to the bombing of the Alfred P. Murrah Federal Building in Oklahoma City, which left 168 dead, with an antiterrorism supplemental package (PL 104-19) that contained about \$16 billion in rescissions to offset the cost.

However, those supplemental measures didn't cut unspent balances on net by more than Trump's request would, because of the new spending that was included in the underlying bills. The 2005 law didn't result in any net savings because it included the Defense spending bill for fiscal 2006, including a \$50 billion "bridge fund" designated as emergency spending for troops stationed in Iraq and Afghanistan, without offsets.

The 1995 Oklahoma City bombing measure actually cut a net \$8.5 billion in budget authority, while Congress passed, after substantial changes, President George Bush's early 1992 rescission requests in a combined bill (PL 102-298) cutting almost \$8.2 billion.

So if Trump's request can get through the Senate, it does have a valid claim to the "largest ever" rescissions package, both in terms of nominal dollar presidential requests and the largest to be approved by Congress that results in a net reduction of appropriated funds.

But adjusted for inflation, Reagan would still hold the record for largest request, and Congress has actually initiated and passed larger rescission packages — they just used the money to offset higher priority items.

Politico Pro June 19, 2018

House GOP budget sets up massive safety net cuts, Obamacare repeal bid

By: Sarah Ferris

House Republican budget writers debuted an ambitious deficit-reduction plan Tuesday that would force GOP committees to cut at least \$302 billion over a decade and potentially lay the groundwork for another repeal vote on Obamacare.

The GOP's sweeping budget plan is the first step toward a filibuster-proof bill that could result in real reductions to popular programs like federal student aid or low-income family block grants.

It could also deliver on conservatives' decades-old promise to rein in entitlement programs like Medicare and Medicaid.

But that proposal faces long odds in the House, let alone the Senate, where moderates have balked at previous calls to rein in so-called entitlement programs. Republican leaders in either chamber have shown little interest in pursuing a welfare reform agenda in an already tough election year.

If approved in both chambers, nearly a dozen House panels would be required to draft legislation by year's end to dramatically slash funding for mandatory programs under their purview.

"For the first time in a long time, we're going to try to move this narrative back to the mandatory side of spending," Rep. Steve Womack (R-Ark.), the House's first-term budget chief, told reporters Tuesday.



He pointed out that mandatory programs, which can't be touched through Congress' regular spending cycle, now make up 70 percent of total government spending.

The biggest task would fall on the House Ways and Means Committee, which is asked to cut \$150 billion over a decade from a slew of programs, including Temporary Assistance for Needy Families and Supplemental Security Income.

In a win for many conservatives, the House budget would also leave an opening for repealing and replacing Obamacare through the separate fast-track process of budget reconciliation. The two committees that oversee most Obamacare programs — Ways and Means and Energy and Commerce — both receive reconciliation instructions, though there are no specifics about policy.

Another Obamacare battle, however, could prove politically toxic for the two dozen House Republicans who are up for reelection in districts that carried Hillary Clinton in 2016 — the same seats likely to determine control of the House in November.

The GOP budget also sets up potential cuts to federal retirement benefits, Dodd-Frank oversight and federal student loans by giving big saving targets for the Education and the Workforce, Oversight and Financial Services committees.

Farm subsidies probably wouldn't be targeted, though. The budget would require the House Agriculture Committee to come up with just \$1 billion in savings over a decade, though that committee oversees hundreds of billions of dollars in farm subsidies criticized by conservative groups.

Those mandatory spending cuts — unlike the rest of the largely symbolic proposal — could actually become law. But first, every single GOP senator, including several moderates, would need to back the idea, a politically unfeasible outcome, particularly in an election year.

A nearly identical group of GOP senators already rejected a similar approach last year, when House Republicans sought roughly \$200 billion in mandatory cuts alongside their push to overhaul the tax code.

Ultimately, House Republicans swallowed the Senate's version of that budget plan, which allowed for a \$1.5 trillion increase in the deficit over a decade to account for expansive individual and corporate tax breaks.

Womack has spent weeks shaping the proposal, which would get committee approval only with the support of nearly every GOP member of the panel.

The makeup of the House Budget Committee, which is packed with fiscal hawks like Reps. Rob Woodall (R-Ga.) and Dave Brat (R-Va.), is far different than the broader House GOP conference.

Speaker Paul Ryan and his deputies have made no promises that Womack's GOP budget resolution will make it to the floor.

Womack wouldn't say if he expected the GOP budget proposal to get a floor vote. But he, and a handful of other budget writers standing by his side, vowed to make the case.



"I would hope that I'm not the lone ranger on this," Womack said.

Unlike past years, the House has no obligation to vote on a budget because both chambers agreed months ago on how much to spend in fiscal 2019.

The new fiscal plan reflects that same level of discretionary funding, \$1.2 trillion, as laid out under the February budget deal, H.R. 1892 (115).

In future years, however, the House GOP budget would dramatically reduce spending for domestic programs while slowing the growth of the Pentagon's budget.

Over 10 years, Womack's plan would slash \$8.1 trillion, going far beyond the White House's budget request, which would add \$7 trillion to the deficit over the same time frame. The GOP budget is not as extreme as the plan released last week by Heritage Action, which would reduce the federal deficit by \$11.9 trillion over a decade.

House Democrats will attempt to pin the Republican budget writers on politically poisonous positions, including food stamp cuts and Medicare changes, during this week's markup.

Rep. John Yarmuth of Kentucky, the top Democrat on the budget panel, said he joked with Womack that the GOP budget would benefit Democrats more than Republicans in the House.

"I said, 'I hope you do it, because that will actually give us much more ammunition.' He said, 'Yeah I know,'" Yarmuth told reporters Tuesday.

CQ June 20, 2018

Burr's Surprise 'No' Vote Puts Rescissions Package on Ice

By: Ryan McCrimmon

Sen. Richard M. Burr, R-N.C., may have put the nail in the coffin of President Donald Trump's prized spending cuts package.

Burr's unexpected 'no' vote on a motion to discharge the nearly \$15 billion rescissions bill (HR 3) deprived Senate supporters of the ability to proceed directly to floor debate and bypass Appropriations Committee consideration. The motion was rejected 48-50 after being held open for GOP leaders to try to persuade holdouts to change their minds, as well as for the potential arrival of Vice President Mike Pence and his ability to break a tie.

Burr was not immediately available for comment. But an aide said Burr's opposition was due to the fact he was not promised a vote on his amendment to remove from the bill a \$16 million cut to unspent balances in the Land and Water Conservation Fund. Burr earlier in the day held a press conference with a bipartisan group pushing to permanently reauthorize the Fund, which distributes royalties from federal offshore oil and gas leases to states and localities to acquire and develop outdoor recreation areas. The program is set to expire Sept. 30.



The other GOP 'no' vote on the discharge motion was Sen. Susan Collins, R-Maine, a senior appropriator and chairwoman of the Transportation-HUD Subcommittee. "I see this as an institutional issue," Collins said. "And I believe it is the job of the Appropriations Committee to scrub these accounts with advice from OMB. But I don't like tipping the power of the purse to the executive branch."

CHIP Cuts

The apparently fatal procedural snag came as Senate Republicans were set to remove \$7 billion in proposed cuts to the Children's Health Insurance Program from the rescissions package, according to a GOP aide. While enhancing the package's chance for passage, the move would also cut Trump's nearly \$15 billion request almost in half and would have to be approved again in the House, which voted 210-206 on June 7 to pass the bill.

Among those voting to adopt the discharge motion were Interior-Environment Appropriations Chairwoman Lisa Murkowski, R-Alaska, who was part of earlier discussions with Sen. Mike Lee, R-Utah, to remove the \$7 billion in CHIP cuts. Murkowski was still not satisfied with the package, however, leaving her vote on final passage somewhat uncertain.

"I don't like the rescissions," Murkowski said after the discharge vote, adding she was in a "foul mood."

The nonpartisan Congressional Budget Office has said the CHIP funds would not be spent anyway. But a number of moderate Republicans have been uneasy about the appearance of cutting money for children's health, as well as the potential for unexpected state shortfalls this summer that could require tapping CHIP contingency funds targeted for \$1.9 billion in cuts in the package.

The changes were also aimed at circumventing procedural points of order that were likely to be raised against the package, according to people familiar with the plans. A Republican aide said there were expected to be up to five points of order against the rescissions bill, including two related to the CHIP spending cuts, that would raise the bar to keep the cuts in the bill back to the more typical 60-vote threshold.

Sen. John Kennedy, R-La., a sponsor of the bill, said he was not impressed with any efforts to further scale back the rescissions plan.

"You can't scale below zero," Kennedy said, referencing the small size of the rescissions package.

CBO has said the plan would reduce actual spending or outlays by just \$1.1 billion over a decade.

Sen. Roy Blunt, R-Mo., chairman of the Labor-HHS-Education Appropriations Subcommittee that deals with CHIP funding, said he supports removing the CHIP rescissions from the White House plan.

"I'd be glad to see it taken out," Blunt said.

It's still possible to call the bill up again for a vote by Friday, which is the deadline under a 1974 budget law for the measure to keep its simple majority threshold for passage. But supporters would still need to flip one of the GOP 'no' votes.



Office of Management and Budget Director Mick Mulvaney, who has been the White House's point man on the cuts legislation, expressed displeasure at the "Senate failure to protect taxpayers" in an emailed statement after the vote Wednesday. But he was nonetheless undeterred: "I can assure you that the President and this Administration will continue our efforts to get government spending under control," Mulvaney said.

Washington Post June 19, 2018

House GOP plan would cut Medicare, Social Security to balance budget

By: Erica Werner

House Republicans released a proposal Tuesday that would balance the budget in nine years — but only by making large cuts to entitlement programs, including Medicare and Social Security, that President Trump vowed not to touch.

The House Budget Committee is aiming to pass the blueprint this week, but that may be as far as it goes this midterm election year. It is not clear that GOP leaders will put the document on the House floor for a vote, and even if it were to pass the House, the budget would have little impact on actual spending levels.

Nonetheless the budget serves as an expression of Republicans' priorities at a time of rapidly rising deficits and debt. Although the nation's growing indebtedness has been exacerbated by the GOP's own policy decisions — including the new tax law, which most analyses say will add at least \$1 trillion to the debt — Republicans on the Budget Committee said they felt a responsibility to put the nation on a sounder fiscal trajectory.

"The time is now for our Congress to step up and confront the biggest challenge to our society," said House Budget Chairman Steve Womack (R-Ark.). "There is not a bigger enemy on the domestic side than the debt and deficits."

The Republican budget confronts this enemy by taking a whack at entitlement spending. Lawmakers of both parties agree that spending that is not subject to Congress's annual appropriations process is becoming unsustainable. But Trump has largely taken it off the table by refusing to touch Medicare or Social Security, and Democrats have little interest in addressing it except as part of a larger deal including tax increases — the sort of "Grand Bargain" that eluded President Barack Obama.

The House Republican budget, titled "A Brighter American Future," would remake Medicare by giving seniors the option of enrolling in private plans that compete with traditional Medicare, a system of competition designed to keep costs down but dismissed by critics as an effort to privatize the program. Along with other changes, the budget proposes to squeeze \$537 billion out of Medicare over the next decade.

The budget would transform Medicaid, the federal-state health-care program for the poor, by limiting per capita payments or allowing states to turn it into a block-grant program — the same approach House Republicans took in their legislation that passed last year to repeal the Affordable Care Act (the repeal effort died in the Senate, but the GOP budget assumes that the repeal takes place). It also



proposes adding work requirements for certain adults enrolled in Medicaid. Changes to Medicaid and other health programs would account for \$1.5 trillion in savings.

Social Security comes in for more modest cuts of \$4 billion over the decade, which the budget projects could be reached by eliminating concurrent receipt of unemployment benefits and Social Security disability insurance.

The budget also proposes a number of other cost-saving measures, some of which could prove unpopular if implemented, such as adding more work requirements for food-stamp and welfare recipients and requiring federal employees — including members of Congress — to contribute more to their retirement plans. It assumes repeal of the Dodd-Frank Act that regulated banks after the financial crisis 10 years ago, something Congress recently rejected in passing a banking bill into law that softened some of the key provisions of Dodd-Frank but left its overall structures intact. And the budget proposes \$230 billion in cuts from education and training programs, including consolidating student loan programs and reducing Pell Grant awards.

The budget also relies on rosy economic-growth projections and proposes using a budgetary mechanism to require other congressional committees to come up with a combined \$302 billion in unspecified deficit reduction.

Overall, the partisan proposal is reminiscent of the budget released in 2011 by now-House Speaker Paul D. Ryan (R-Wis.), who was then the Budget Committee chairman and advanced a bold proposal attacking entitlements, slashing spending — and creating lines of attack for Democrats once Ryan became Mitt Romney's vice presidential running mate on the GOP ticket the following year.

Democrats were quick to criticize the GOP proposal while contending that Republicans were opening themselves up to election-year attacks by releasing it at all.

"The 2019 Republican budget scraps any sense of responsibility to the American people and any obligation to being honest," said Rep. John Yarmuth (Ky.), the top Democrat on the Budget Committee. "Its repeal of the Affordable Care Act and extreme cuts to health care, retirement security, anti-poverty programs, education, infrastructure, and other critical investments are real and will inflict serious harm on American families."

CQ June 20, 2018

Funding Shift from Homeland to Veterans Approved by House Panel

By: Jennifer Shutt

House appropriators agreed to reshuffle spending allocations for fiscal 2019 on Wednesday, reducing the Homeland Security bill's allocation by \$1.1 billion to accommodate an increase to the Military Construction-VA spending bill.

The committee voted 28-22 along party lines to reduce the Homeland Security bill's discretionary spending level from \$52.5 billion to \$51.4 billion, following an amendment adding \$1.1 billion to the



Military Construction-VA title of the three-bill package (HR 5895) that passed the House earlier this month.

The extra funding went to veterans health care accounts for services offered by private doctors but not at in-house Department of Veterans Affairs facilities. A new law (PL 115-182) signed by President Donald Trump earlier this month consolidated several so-called community care accounts, including the program formerly known as Veterans Choice, which has proven so popular that Congress has already nearly doubled its initial \$10 billion allocation in several stopgap measures.

Until the new law, however, the Choice program was not funded through annual appropriations, but rather was a mandatory funding stream financed outside yearly discretionary budget caps.

"The only purpose of this revision is to patch a hole by moving the VA Choice Program from mandatory to discretionary spending without adjusting the budget caps accordingly," ranking member Nita M. Lowey said. "In the coming years this shift will cannibalize tens of billions of dollars that would otherwise be spent upholding our commitment to our veterans and making other investments that keep our country safe, strong and moving forward."

The House Appropriations Committee's 12 spending bills cannot spend more than \$647 on defense discretionary spending or \$597 in nondefense accounts, which are the ceilings set in law (PL115-123) earlier this year. Those figures don't include emergency funds for disaster relief or the ongoing war effort, or several smaller off-budget accounts authorized in separate laws.

The revised spending allocations, first reported by CQ Monday, could cause some frustration at the White House, which is seeking to get a significant chunk of fiscal 2019 spending for Trump's wall along the U.S.-Mexico border and additional border security measures.

The House Appropriations Committee's Homeland Security spending bill has yet to be released, but the Senate's bill, which was marked up in subcommittee on Tuesday, would provide \$48.33 billion in discretionary spending including \$1.6 billion for 65 miles of "pedestrian fencing" in the Rio Grande Valley. The full Senate Appropriations Committee is scheduled to consider the measure Thursday.

Hefty Homeland Increase

Even with the \$1.1 billion billion reduction, the House's Homeland Security bill would still represent a \$3.7 billion, or 7.8 percent, increase over the fiscal 2018 enacted level. There are also indications that it will include a higher allocation for the southern border wall than the Senate bill.

House Homeland Security Appropriations Chairman Kevin Yoder, R-Kan., told CQ on Wednesday it's "certainly possible" that the unreleased spending bill provides more for border wall construction than the \$1.6 billion the Trump administration requested for the upcoming fiscal year.

"There was some frustration in the White House that some of the money that was given in the 2018 bill was not allowed to be directed at the most critical points of need. And so, I think they're looking for some additional support in the 2019 bill," Yoder said.



Unlike Senate Homeland Security Appropriations chairman Shelley Moore Capito, R-W.Va., who met Monday with Trump to discuss her bill, Yoder has not yet had conversations about the elements of his bill with the president or Office of Management and Budget Director Mick Mulvaney.

Yoder said he doesn't anticipate the allocation reduction will impact the allocations for border security, or additional border wall construction.

"It certainly has an impact on the overall bill. But, I think we'll be able to put a very strong bill together in spite of the reduction in the allocation," Yoder said, noting that he expects the subcommittee to mark up the bill next week or the week after the House returns from its Fourth of July break.

Appropriations Chairman Rodney Frelinghuysen, R-N.J., said he hopes the shuffling of funds between Homeland Security and Military Construction-VA is the last time this year the committee has to rework subcommittee allocations. The committee has reported 10 of its bills, three of which have passed the House.

Frelinghuysen said it's likely the allocations change during conference with the Senate.

"As you progress through the process with the House bills and the Senate bills, there is sort of a shuffling of the 302(b)s," he said, referring to the 1974 budget law section describing Appropriations subcommittee allocations.

The new list of subcommittee allocations also formally changed the Defense subcommittee's allocation from \$606.5 billion to \$674.59 billion. That additional \$68.09 billion increase represents the fiscal 2019 allocation for the Overseas Contingency Operations account, sometimes referred to as war funds.

That higher number wasn't included in the original list of subcommittee allocations approved by the committee in May, because the House Budget Committee's deeming resolution didn't include a separate set aside for the OCO funding. In previous 302(b) lists, the OCO line item received its own column. That is not the case this year.

The committee needed to formally approve that number, in order for the Defense spending bill to be eligible for floor consideration, expected next week.

"We expect to consider the defense spending bill on the floor in the very near future and the approval of this is necessary, so that this may happen," Frelinghuysen said.

Homeland

Politico June 20, 2018

<u>Trump signs executive action halting family separations</u>

By: Andrew Restuccia and Lorraine Woellert



President Donald Trump signed an executive action Wednesday that ends the administration's policy of separating migrant families crossing the U.S.-Mexico border, abandoning the president's previous stance that only Congress can fix the problem.

"The Republicans want security and insist on security for our country. And we will have that," Trump said during a meeting at the White House earlier in the day with lawmakers and officials. "At the same time, we have compassion and want to keep families together. It's very important. I'll be signing something in a little while that's going to do that."

He added that he hopes his action will be "matched by legislation."

The action came after Trump and his team faced harsh criticism from lawmakers, activists, religious leaders and former first ladies over the separation of children from their parents in custody, which was panned almost universally as cruel and damaging to the kids' well-being.

It was a remarkable shift from a president who is typically reluctant to bow to outside pressure. He often doubles down on his existing stance when confronted with criticism.

With cable news flashing images of migrant children held in cages and lawmakers' offices facing a flood of angry phone calls, the president was under increased pressure to come up with a speedy solution. White House aides came to the conclusion on Wednesday that Congress was unlikely to act quickly to resolve the crisis, even though they sent signals that Trump would be willing to sign a narrow, standalone fix without other immigration-related provisions.

The decision to end the separation policy via executive action appeared to have happened quickly, and some in the White House left in the dark. Key members of the White House legislative affairs team, which had been working with Hill lawmakers in a bid to find a legislative fix, were left out of the loop and hadn't seen text of the executive action as of early Wednesday afternoon, according to two people familiar with the issue.

Homeland Security Secretary Kirstjen Nielsen and Justice Department officials went to the White House Wednesday morning to work with administration lawyers to draft the order. The action will direct the Department of Homeland Security to keep families together and will instruct the Department of Defense to help house the families because many of the detention centers are at capacity, according to a person familiar with the matter.

Attorney General Jeff Sessions was slated to go to Capitol Hill on Wednesday to brief lawmakers on the administration's plans.

Trump and his top aides, led by Nielsen, have been saying that the law requires them to separate children from parents who were being prosecuted for crossing the border illegally.

Nielsen and Trump repeatedly tried to blame Democrats for the situation at the border, saying that nothing could be done without a legislative resolution. But the separations were the direct result of a DOJ decision in April to prosecute border-crossers as criminals — a change Sessions described as "zero-tolerance." The separation policy has been applied to most families detained at the border, with children handed over to federal welfare agencies after their parents are taken into custody by U.S. marshals.



Nielsen, who had expressed skepticism about moving forward with a zero-tolerance policy without action from Congress, has nonetheless become the public face of the crisis after defending the administration's position during a tense briefing at the White House on Monday. On Tuesday night, protesters confronted her at a high-end Mexican restaurant in Washington.

Nielsen won't abandon her demands for a legislative solution that would deal with family separations and accomplish Trump's broader immigration agenda, according to a senior administration official.

"We're still going to be pushing Congress to address this," the official said. "That's obvious and that's not changing."

The official said Nielsen was "a key player" in the talks at the White House on Wednesday morning, and had spent hours there. But the move appeared to take some Homeland Security Department officials by surprise.

The U.S. Immigration and Customs Enforcement legal team wasn't clued into the decision, according to a former DHS official with knowledge of the situation. "It sounds like they blindsided everybody," this person said. "What changed in the last 12, 24 hours? ... Either you believe that, operationally, this is what you need to be doing, or you don't."

ICE declined to comment, and several DHS component agencies did not immediately respond to related requests.

The executive action may not put an end to the question of how migrant children are handled at the border. The American Civil Liberties Union, which is already suing the administration on behalf of separated families, said prolonged detention of asylum seekers even as a unit would be unacceptable. "What we don't want to see happen is we'll keep the child and parent together but we're going to detain them for a long time," said ACLU attorney Lee Gelernt, deputy director of the nonprofit's Immigrant Rights Project. "We don't want to see a situation where they're building more and more detention facilities.

Public outcry over the family separations reached new heights on Wednesday after The Associated Press reported that the administration is placing babies and toddlers in "tender age" shelters. The story capped a grim 24 hours that stood out as a low point even for a White House that long ago grew accustomed to operating in a perpetual state of crisis.

On Tuesday night, shortly before the AP story broke, Trump attended a \$100,000-plus-per-person fundraiser at his hotel in Washington. Before that, he met with House Republicans at the Capitol, where he sounded off on everything from trade to fighter jets, while only briefly acknowledging the outcry over the situation at the U.S.-Mexico border.

Yet on Wednesday, Trump announced he'd delay the annual congressional picnic at the White House, planned for Thursday. "I said, you know, it doesn't feel right to have a picnic for Congress when we're working on doing something very important," he said in a meeting with lawmakers at the White House. "It didn't feel exactly right to me."

Behind the scenes, White House officials have grown increasingly concerned about the fallout from the policy. Trump, for his part, seemed to vacillate between doubling down on the policy and complaining



that Democrats are using the issue to sabotage him politically, and signaling to aides that he wants the issue resolved.

"It's the Democrats fault, they won't give us the votes needed to pass good immigration legislation," Trump tweeted Wednesday. "They want open borders, which breeds horrible crime. Republicans want security. But I am working on something — it never ends!" The president also retweeted a tweet by Darrell Scott, a pastor and Trump supporter, that declared, "Once the mid terms are over, liberals won't talk about detained or separated illegal immigrant children until 2020. #itsallpolitics."

Earlier Wednesday morning, Trump again defended his border security policies, while bashing the news media. The tweet came one day after the president revived the divisive anti-immigration rhetoric that defined his presidential campaign, warning Tuesday on Twitter that immigrants would "infest" the United States.

"The Fake News is not mentioning the safety and security of our Country when talking about illegal immigration," he wrote on Twitter. "Our immigration laws are the weakest and worst anywhere in the world, and the Dems will do anything not to change them & to obstruct-want open borders which means crime!"

The swirling controversy has sparked tensions inside the White House and among Trump's allies, again laying bare the divide between the president's hard-line advisers, including policy aide Stephen Miller, and more moderate influences.

Trump told lawmakers on Tuesday that his daughter and adviser Ivanka — who was widely criticized after posting a photograph of herself cuddling with her infant son amid the crisis — had about the separations. A White House official said on Wednesday that first lady Melania Trump had also been arguing behind the scenes, including in direct conversations with her husband, to end the family separation policy.

But others close to Trump had encouraged him to double down on the policy, arguing that border security was one of the central pillars of his campaign and is deeply popular with his conservative base.

"It's a mess," one former White House official said.

One Republican former Department of Homeland Security official who has ties to the Trump administration and asked for anonymity to talk about the policy put it bluntly: "I'm ashamed of what they're doing."

The White House faced a wave of damaging stories about the family separations — from leaked audio of children crying to the revelations about the high cost of detaining children alone. The AP story, which detailed "play rooms of crying preschool-age children in crisis," struck a particular chord, prompting MSNBC host Rachel Maddow to break down in tears on her Tuesday night television show.

Trump's critics also pounced on an offensive comment by Trump's former campaign manager, Corey Lewandowski, on Fox News. When Democratic strategist Zac Petkanas referenced a report that a 10-year-old girl with Down syndrome was among the children who had been separated from her family at the border, Lewandowski could be heard saying, "Womp, womp," later adding that immigrants give up rights when they cross the border illegally.



Lewandowski is still firmly in Trump's inner circle as an informal adviser and recently joined Vice President Mike Pence's political action committee.

In response to criticism of his remarks, Lewandowski complained Wednesday on Twitter that there was "lots of Fake News today" and argued he simply "mocked a liberal who attempted to politicize children as opposed to discussing the real issue which is fixing a broken immigration system."

While some in Trump's inner circle have defended the policy, lawmakers in both parties have condemned it. Even the pope has weighed in, telling Reuters that he agreed with recent comments by U.S. Roman Catholic bishops who called the policy "immoral."

During her dinner at a Mexican restaurant on Tuesday night, one protester asked Nielsen, "How can you enjoy a Mexican dinner as you're deporting and imprisoning tens of thousands of people who come here seeking asylum in the United States?"

Nielsen left the restaurant and a DHS spokesman later said: "While having a work dinner tonight, the secretary and her staff heard from a small group of protesters who share her concern with our current immigration laws that have created a crisis on our southern border. The secretary encourages all — including this group — who want to see an immigration system that works, that contributes to our economy, that protects our security, and that reflects our values to reach out to members of Congress and seek their support to close the terrible immigration loopholes that have made our system a mess."

Interior

CQ June 20, 2018

Conservation Fund Renewal Gets Bipartisan Push in Senate

By: Jeremy Dillon

A bipartisan group of lawmakers are pushing for the permanent reauthorization of a popular public lands conservation program as its current authorization ends with this fiscal year.

The lawmakers, led by Sens. Maria Cantwell, D-Wash., and Richard M. Burr, R-N.C., argued during a news conference outside the Capitol building Wednesday for consideration of their bipartisan legislation (S 569), saying they are launching a 100-day campaign to reauthorize the Land and Water Conservation Fund.

With limited legislative options, the reauthorization push is likely to join a host of issues for consideration as part of whatever must-pass funding bill is needed at the end of the fiscal year.

"I kind of feel every time we get together with this deadline looming that we are on a reeducating campaign about what LWCF is, and in part that's true," Burr said. "We are reeducating people in Washington about what it is because people across this country, from the West Coast to the East Coast, know what good work LWCF has done."



The Land and Water Conservation Fund was created in 1965 with bipartisan support to protect the national parks, water resources, and wildlife areas and make them available to the public for recreation. The fund draws most of its funding from a portion of the profits derived from offshore oil and gas development, which Burr repeatedly highlighted as a zero-cost for taxpayers.

Without reauthorization, the program can be exposed to uncertainty that derails conservation projects and strategies that are years in the making, said Cantwell, the Senate Energy and Natural Resources top Democrat.

"You are literally hampering what is critical outdoor recreation and economic development, and in some ways you are just making everything more expensive in the long run with the longer it takes to get the acquisition," Cantwell said.

Permanent Reauthorization

The fund's authorization expired for the first time in its history in 2015 after Republicans and Democrats could not agree on how or if the program should change. Three months later, the fiscal 2016 omnibus appropriations bill (PL 114-113) included a provision to reauthorize the fund for an additional three years without changes, with an eye on working toward a reauthorization.

A permanent reauthorization was included in the broad energy policy and natural resources bill passed by the Senate last Congress that did not become law. The bill earned a 85-12 vote in the Senate, but was met by House resistance, in part for its inclusion of the LWCF provision. A similar bill (S 1460) is awaiting floor action.

Along with Burr and Cantwell, Sens. Steve Daines, R-Mont., Jon Tester, D-Mont., and Cory Gardner, R-Colo., endorsed a reauthorization, showing the bipartisan enthusiasm for the program in the Senate.

The House has similar LWCF legislation (HR 502), backed by Rep. Raul M. Grijalva, D-Ariz., that has 229 cosponsors, but House Republicans, especially from western states, have criticized federal involvement and management of the program. Citing a growing deferred maintenance backlog and increasing land acquisition costs, lawmakers like House Natural Resources Chairman Rob Bishop, R-Utah, would like to overhaul the LWCF with more state control of the program's implementation.

The Trump administration has echoed those concerns. In its fiscal 2018 budget request, the Interior Department proposed no new funding for land acquisition under the LWCF. Interior Secretary Ryan Zinke also met criticism on Capitol Hill in May for the slow deployment of LWCF appropriations allocated in the fiscal 2018 omnibus spending bill (PL 115-141).

"I plan this year to reauthorize LWCF, but it's got to be reauthorized in a way though that guarantees . . . that there is stateside funding and that's the problem," Bishop said. "Even though when it was originally written 60 percent was supposed to go to stateside, that's now down to like 12 percent in the Obama administration. And you can't run federal programs claiming they are stateside, so there has to be reforms to the system."

A permanent reauthorization is unlikely to happen, Bishop told reporters later Wednesday, mainly because leadership is unlikely to allow that. It's more likely to be something like a seven-year reauthorization, although that "doesn't mean it's not viable or an option," he said.



The effort in the House is likely to move outside of the appropriation process through regular order, he added.

"This is a high enough profile issue that it could actually be passed as a standalone piece of legislation," Bishop said. "There may be some other pieces that are going through. Ultimately, I think there is a package of things we need to do that relate to [the] Land and Water Conservation Fund, other land things that could be part of it."

Cantwell said conversations with Bishop are currently underway, but there may need to be more lobbying of House Republicans.

"The Senate has been pretty united about wanting to see this reauthorization and making it permanent, so now we are just looking for what is that right vehicle and right opportunity that we know the House will take action on as well, or allow us to pass," Cantwell said.

"As the days click on toward September and we're here, I don't see why we can't get this done in August," Cantwell added.

Defense

Washington Post June 19, 2018

<u>U.S. military budget inches closer to \$1 trillion mark, as concerns over federal deficit grow</u> By: Jeff Stein

The U.S. Senate on Monday voted to give the military \$716 billion for 2019, approving one of the biggest defense budgets in modern American history despite concerns from some economists and lawmakers about the rapidly rising federal deficit.

The 2019 military budget, approved by an 85-to-10 vote, gives America's armed forces an \$82 billion increase from 2017.

The military has called the additional funding necessary to improve its ability to respond to international crises, while critics say Congress should not be giving a significant boost to spending at the Defense Department at a moment of relatively diminished U.S. military involvement around the globe. About 17 percent of America's \$4 trillion federal budget goes to the military, according to the Congressional Budget Office.

Budget experts said the dramatic increase in military spending will exacerbate America's debt hole, by pushing the government further into the red and increasing the amount the federal government spends on debt interest payments. Congress's official budget scorekeeper recently projected the federal deficit will rise to more than \$1 trillion a year by 2020, sparking concerns among both Republicans and Democrats in Congress that spending is growing at an unsustainable rate and could trigger higher inflation.



The military's "base" budget, not including a contingency fund for overseas operations, will be the biggest in recent American history since at least the 1970s, adjusting for inflation, according to multiple military budget experts. Including this contingency fund, which includes substantial wartime operation spending, America's military budget was bigger for several years in the Obama administration. The 2019 budget largely rose with inflation from 2018, which saw the bulk of the increase from 2017.

"Earlier this year, both parties came together and decided on a massive expansion of defense spending and to not pay for it," said Marc Goldwein, senior vice president of the Committee for a Responsible Federal Budget, a nonpartisan think tank. "We'll be near \$1 trillion deficits next year, and the fact we're spending so much on defense means we have less resources for everything else and makes our debt more out of control."

Politicians on both sides of the aisle have expressed alarm about America's rising deficit, with Senate Budget Committee Chairman Mike Enzi (R-Wyo.) criticizing "chronic overspending" in the federal government and Sen. Claire McCaskill (D-Mo.) arguing that Republicans had "blown this deficit up to places one couldn't even imagine it could go."

Like most of their colleagues, both voted for the military budget increase.

The military budget fell sharply under the Obama administration, as the Iraq War wound down and a Republican-led Congress sought to reduce overall federal spending. But military officials say that decline put America's armed services behind those of key foreign countries, as China has ramped up its military spending, and that they need bigger investments in cyber warfare, "next generation" combat vehicles and other high-technology military equipment to protect the nation's overseas allies.

Defense officials repeatedly said they needed the additional funding to improve the military's "readiness," including the preparedness of troops for battle. The budget also gave a pay raise to the military's enormous workforce, which includes 1.42 million military employees and hundreds of thousands of civilian workers.

"Our regional competitors in the Pacific and in Europe have been studying our strengths and our vulnerabilities for more than a decade," Maj. Gen. Paul A. Chamberlain said in February. "Their modernization efforts are slowly eroding our competitive advantage, and this budget request addresses that, by providing the necessary resources to ensure the Army's superiority."

But opponents say America is sending a signal to the world that it is preparing to go to war, in part through billions in new investments in nuclear weapons research, new nuclear warheads, updated aircraft carriers and ballistic submarines whose practical application some say is hard to imagine in a modern war. Pointing to the calamity following the invasion in Iraq, they also question the assumption that the United States can use military force to solve political or humanitarian issues around the world.

"This is not only wasteful, it's dangerous: It tells other countries that the nuclear arms race is back on," said William Hartung, director of the Arms and Security Project at the Center for International Policy. "All of this money is being spent in service of the idea we can go anywhere and fight any battle, and the recent history shows that doesn't make a lot of sense or make us safer."

Critics also say the Pentagon is bloated with administrative waste and contracts, pointing to a 2016 internal report finding that the military buried evidence of \$125 billion of bureaucratic waste, and that America already spends far more on its military than any other country. America spends more on its



military than the next 11 countries combined, according to Matthew Fay, director of defense and foreign policy studies at the Niskanen Center, a think tank.

Pouring billions into the military also limits America's ability to spend on health care, child care and other key domestic spending priorities, Sen. Bernie Sanders (I-Vt.) said in a recent speech on the Senate floor, noting the nation has among the worst health and child poverty rates in the developed world.

The bigger military budget is being accompanied by a roughly equivalent increase in spending on domestic programs, as part of an agreement reached by the two parties in March to lift caps on spending that Congress imposed earlier in the decade.

The military budget elicited little dissent in the Senate. Sens. Rand Paul (R-Ky.), Mike Lee (R-Utah.) and Sanders voted against the measure, as did a handful of Democratic senators, including possible 2020 presidential candidates such as Sens. Kirsten Gillibrand (D-N.Y.), Kamala D. Harris (D-Calif.), Jeff Merkley (D-Ore.) and Elizabeth Warren (D-Mass.). Sen. Cory Booker (D-N.J.) voted for the measure.

The Senate vote follows the approval of similar legislation in the House. The two bills are expected to go to a conference between the chambers to iron out the differences.

The increase in military spending is one of the largest in modern U.S. history, jumping by 9.3 percent from 2017 to 2019, according to Todd Harrison, director of defense budget analysis at the Center for Strategic and International Studies, a think tank.

Since the Reagan administration, the military has increased by comparable levels only a handful of times: jumping by 23 percent in 2003 the buildup to the Iraq War; and by about 8 percent for three straight years between 2006 and 2008, during the troop buildup, according to Harrison.

"If you want the military to maintain all of our existing security commitments around the world, then you need a defense budget like this," Harrison said. "But if you are willing to reduce some of those security commitments, you could make do with a much smaller defense budget."



House Committee on Appropriations News Clips: June 21, 2018

From: "Doelp, Tom" Ex 6 - (5 @mail.house.gov>

To: "Doelp, Tom" (Ex 6 - (5 @mail.house.gov)

Cc: "Hernandez, Marta (Dehmlow)" .Ex 6 - (5 U.S.C. @mail.house.gov>

Date: Thu, 21 Jun 2018 11:41:14 -0400

General Appropriations News June 21, 2018

Distractions Aside, Senate Aims to Wrap Up Spending Bill

By: Kellie Mejdrich and Jeremy Dillon, CQ

The Senate appears on track to pass a nearly \$147 billion spending package by the end of this week, knocking out a quarter of the 12 annual appropriations bills in one shot.

Trump to Propose Government Reorganization, Targeting Safety Net Programs

By: Glenn Thrush and Erica Green, New York Times

President Trump plans to propose a reorganization of the federal government as early as Thursday that includes a possible merger of the Education and Labor Departments, coupled with a reshuffling of other domestic agencies to make them easier to cut or revamp, according to administration officials briefed on the proposal.

Trump administration to seek merger of Education, Labor departments

By: Caitlin Emma and Michael Stratford, Politico Pro

The Trump administration plans to advocate a merger of the Education and Labor departments as part of a sweeping government overhaul, according to two individuals familiar with the proposal who declined to be named because it's not yet public.

Senators Keeping Gope – and Regular Order – Alive

By: Niels Lesniewski, Roll Call

Does the Senate's sudden appetite for "regular order" have any chance of continuing through the summer, particularly when it comes to writing spending bills?

Budget Markup Begins Amid Potshots From Both Sides

By: Paul Krawzak, CQ

Day One of the House Budget Committee's fiscal 2019 budget resolution markup began with critiques from Republicans as well as Democrats — on a document that may not advance much further.

A Spending Embarrassment

By: Wall Street Journal Editorial Board

Republicans have had a rough week, mostly of their own making, and on Wednesday they added to their self-punishment with a spending fiasco in the Senate.



Defense

Trump Plan to Send Immigrants to Military Bases Faces Pushback

By: John Donnelly, CQ

President Donald Trump's new executive order on immigration commands the Pentagon to prepare to detain immigrant families on U.S. military bases, a legally tricky proposition that is likely to spark controversy in Congress.

Financial Services

Senate Appropriators Would Retain Pay Freeze for Pence, Others

By: Doug Sword, CQ

House appropriators are again trying to end a long-standing pay freeze that would deny raises for Vice President Mike Pence, Cabinet members and other top political appointees.

State

House Appropriators Scold trump Over Child Border Detentions

By: Rachel Oswald, CQ

The House Appropriations Committee on Wednesday advanced, 30-21, the fiscal 2019 State-Foreign Operations spending bill during a markup that quickly became another forum for debate over the Trump administration's widely condemned zero-tolerance policy along the southern border.

Labor-HHS

Senate Bill to Surpass House in Medical Research Funding: Blunt

By: Kim Chipman, Bloomberg

A Senate FY19 spending measure covering HHS will offer an even higher increase for medical research than the \$1.25b boost proposed in House version of bill, Republican Sen. Roy Blunt tells Bloomberg Law's Jeannie Baumann.

General Appropriations News June 21, 2018

CQ June 20, 2018

Distractions Aside, Senate Aims to Wrap Up Spending Bill

By: Kellie Mejdrich and Jeremy Dillon

The Senate appears on track to pass a nearly \$147 billion spending package by the end of this week, knocking out a quarter of the 12 annual appropriations bills in one shot.

Senate Majority Leader Mitch McConnell, R-Ky., on Wednesday evening filed cloture motions on the underlying bill (HR 5895) and the substitute Senate amendment, which contains text of the Energy-Water, Military Construction-VA and Legislative Branch bills as reported by the Senate Appropriations Committee. But McConnell said his move was just a precaution.



"I've filed cloture but we anticipate that will not actually be necessary. We anticipate being able to process additional amendments throughout the day and wrap the bill up sometime tomorrow afternoon," McConnell said shortly after 6:30 p.m. "We should be able to finish the bill, as I said this week, without resorting to cloture."

It wasn't clear earlier in the week how quickly the package could move across the floor. Senators were threatening holdups if they didn't get votes on topics such as President Donald Trump's policies of separating migrant children from their parents at the border, and imposing tariffs on certain imports for national security reasons. Trump was able to defuse the immigration issue somewhat after issuing an executive order to require that children be detained together with their parents, however.

And a bloc of GOP conservatives was able to force a vote to bring Trump's nearly \$15 billion spending cuts package (HR 3) directly to the floor. While that effort was unsuccessful, it chewed up several hours of floor time, including the vote being held open for 90 minutes in hopes of changing minds.

"We had this temporary diversion on the rescissions package, so we're now back on the bill and hopefully we'll get that done this week," said Senate Majority Whip John Cornyn, R-Texas.

Two amendments adopted Wednesday to the Energy-Water title make notable funding changes:

- An amendment from Sens. Michael D Crapo, R-Idaho, and Sheldon Whitehouse, D-R.I., adopted 87-9, would allocate \$15 million for a demonstration project, out of other funds available in the bill, to ultimately recycle high-enriched uranium fuel from naval operations to a lesser grade of uranium that could be used in research to develop advanced nuclear reactors. The new facility would also provide a separate disposal pathway for some of the nuclear waste from the Navy, saving money on disposal costs as the naval material would be used for another purpose, instead of sitting in storage awaiting final disposal in a repository like the proposed Yucca Mountain facility in Nevada.
- An amendment from Sen. Tammy Baldwin, D-Wis., adopted 95-2, would direct an
 additional \$20 million out of available funds to help with the the National Nuclear Security
 Administration cost-sharing agreements to establish a domestic supply of a medical isotope,
 molybdenum-99, which is used to help diagnose various forms of cancer. Two of the
 companies participating in those cost-sharing agreements have set up operations in
 Wisconsin.

Too Much Spending?

The White House gave a less-than-satisfied response to the Senate package in a Statement of Administration Policy sent Wednesday, highlighting in five pages various issues with the spending package including its discretionary funding levels.

The Senate bills adhere to the budget caps (PL 115-123) President Donald Trump signed in February, but the administration nonetheless regards the overall \$597 billion limit for nondefense programs as too high and wants to see as much as \$57 billion in cuts below that higher level. The nearly \$147 billion bill on the Senate floor is some \$8.2 billion above the White House budget request, for instance.

Another key budgetary debate still unresolved in the package relates to veterans' private medical care spending in the fiscal 2019 Military Construction-VA bill. Both the White House and top lawmakers believe there is as much as a \$1.6 billion hole in private medical care accounts next fiscal year.



But while House Republicans and the Trump administration want to cut other programs to make room for the VA money, senators on both sides of the aisle want to simply exempt the medical care funds from discretionary spending limits. Senate Appropriations Chairman Richard C. Shelby, R-Ala., and Sen. Patrick J. Leahy of Vermont, the committee's top Democrat, have publicly stated alongside Senate Veterans' Affairs Chairman Johnny Isakson, R-Ga., and ranking member Jon Tester, D-Mont., that they intend to offer an amendment to fix the problem during Senate floor debate.

"The MilCon-VA bill has one serious problem but Chairman Shelby and I are committed to fix it," Leahy said Tuesday, noting the \$1.6 billion hole in fiscal 2019 for the program, which increases to discretionary demands of \$8.6 billion in fiscal 2020 and \$9.5 billion for fiscal 2021.

"These costs were not accounted for during the negotiations for the budget caps," Leahy said. "Senator Shelby and I are working to find a solution, and we hope to offer an amendment later this week to address that issue."

More than 100 amendments have been submitted so far. Appropriations leaders have committed to limiting controversial provisions to ensure smooth passage of the measure, but some submissions underscore broader debates in Congress that managers might have to tamp down. Those include the following:

- Sen. Maria Cantwell, D-Wash., filed an amendment that would block Energy Department efforts to bail out struggling coal and nuclear power plants using a 1950 law that allows the federal government to intervene in markets when it perceives a national security risk. The amendment would limit the use of federal funding to invoke that law in order to mandate use of a specific fuel supply like coal for power production or to invoke the law without imminent threat of an electric supply shortage.
- Sen. Mike Lee, R-Utah, filed an amendment that would prohibit the use of Overseas Contingency Operations funding for the Trump administration's European Deterrence Initiative after fiscal 2019. The Military Construction-VA title would provide \$921 million in OCO-designated funds next year, as requested by the administration, mainly to supply U.S. troops stationed in European countries facing potential Russian threats. Lee and other conservatives argue such funds ought to be provided within regular discretionary caps, rather than through the OCO cap exemption.
- Sen. Patrick J. Toomey, R-Pa., submitted an amendment to repeal a 2.3 percent excise tax on the sale of medical devices by manufacturers and importers. The amendment is not germane to the underlying bill, but reflects a desire on the part of medical device companies and their backers on Capitol Hill to rid themselves of the tax imposed under the 2010 health care law (PL 111-148, PL 111-152). The medical device tax is currently suspended, but only through Dec. 31, 2019.

New York Times June 20, 2018

Trump to Propose Government Reorganization, Targeting Safety Net Programs

By: Glenn Thrush and Erica Green

President Trump plans to propose a reorganization of the federal government as early as Thursday that includes a possible merger of the Education and Labor Departments, coupled with a reshuffling of other



domestic agencies to make them easier to cut or revamp, according to administration officials briefed on the proposal.

The plan, which will most likely face significant opposition in Congress from Democrats and some Republicans, includes relocating many social safety net programs into a new megadepartment, which would replace the Department of Health and Human Services and possibly include the word "welfare" in its title.

Mr. Trump and his budget director, Mick Mulvaney, the architect of the plan, have sought to redefine as welfare subsistence benefit programs like the Supplemental Nutrition Assistance Program, or SNAP, and housing aid. It is part of a rebranding effort, championed by conservative think tanks and House Republicans, to link them to unpopular direct-cash assistance programs that have traditionally been called welfare.

"They have been using the word welfare because it is pejorative," said Elaine Waxman, a senior fellow in the Income and Benefits Policy Center at the Urban Institute, a nonpartisan Washington think tank. "The programs you can call welfare are actually very small in comparison to SNAP, which is an income support necessary to help families, workers and millions of kids."

At the heart of the plan is expected to be an attempt to shift SNAP, which serves more than 42 million poor and working-class Americans, to the new agency from the Agriculture Department. Conservative think tanks, including the Heritage Foundation and Koch-related entities, have long sought to de-link food aid from agriculture in hopes of cutting costs.

Senate Republicans, who have already rejected a more modest Trump administration attempt to increase work requirements for SNAP recipients, are unlikely to sign off on the shift, which was first reported by Politico.

As recently as earlier this month, Mr. Mulvaney was also considering merging the Labor and Education Departments, either in the new welfare agency or in a new stand-alone department, according to a person with knowledge of his plans.

Calls to the White House and its budget office were not immediately returned.

The recommendations also include a number of less contentious proposals to streamline the government.

Mr. Mulvaney's proposal is, in part, a back-to-the-future bureaucratic move. From 1953 to 1979, the Department of Health, Education and Welfare housed most of the nation's social welfare and economic support programs. It was abolished by Congress under President Jimmy Carter, and split into the Department of Health and Human Services and the Department of Education, in recognition that no single department could manage all of the old department's functions.

Another proposal included in a draft circulated to officials last week is an attempt to move the \$3 billion Community Development Block Grant Program to the Department of Commerce from the Department of Housing and Urban Development, an official said.



This year, Mr. Mulvaney zeroed out funding for the grant program, which provides a broad and flexible funding pool for an array of community development, only to have Senate Republicans restore the cuts.

An adviser to a senior Senate Republican said the move to the Commerce Department was an attempt to strangle the program by removing it from career HUD officials who were more sympathetic to the demands of impoverished communities than Commerce Department officials.

Conservatives have been agitating to remove development programs from HUD for years. In 2006, aides to President George W. Bush unsuccessfully pushed to shift 18 programs to the Commerce Department.

Under Mr. Trump's plan, HUD would gain control over the Agriculture Department's rural housing program. A proposal to shift veterans' housing to HUD was considered but rejected, according to an administration official with knowledge of the plan.

The Education Department has been eyeing several programs run by the Labor Department that it believes it would run more effectively, according to an extensive proposal drafted by Education Department officials last fall, and obtained by The New York Times in March.

Among the proposals in that plan was for the Education Department to reroute funding from the Labor Department's program for adult and dislocated workers to invest in federal financial aid grants for the unemployed to use at short-term job training programs. The Education Department also proposed to take over some administration of an overhauled H1-B visa program for skilled workers to enter the United States, allowing it to use visa fees to bolster science, technology, engineering and math education.

The proposed merger of the Education and Labor Departments was first reported by Education Week.

Mr. Mulvaney and White House officials have closely guarded details of their plan, sharing them with political appointees but not career staff members at cabinet departments.

Administration officials said the blueprint for the plan was a 2017 list of reorganization recommendations produced by the conservative Heritage Foundation.

The group's wish list includes the elimination of a handful of well-known federal programs, including the Consumer Financial Protection Bureau, the Corporation for Public Broadcasting and the Export-Import Bank. It was not clear if Mr. Mulvaney had adopted those suggestions. But he is expected to propose farreaching overhauls to the consumer bureau, which he runs as a second job.

Politico Pro June 20, 2018

<u>Trump administration to seek merger of Education, Labor departments</u>

By: Caitlin Emma and Michael Stratford

The Trump administration plans to advocate a merger of the Education and Labor departments as part of a sweeping government overhaul, according to two individuals familiar with the proposal who declined to be named because it's not yet public.



The new combined agency, if approved by Congress, would be part of a broader government reorganization plan that could be announced as soon as Thursday, POLITICO reported. Mick Mulvaney, director of the OMB, has been working on the reorganization plan since his confirmation more than a year ago.

The Education Department didn't immediately respond to a request for comment.

The plan, if undertaken by the administration, would pose a heavy political and legislative lift. Past attempts to eliminate the Education Department haven't proven popular in Congress.

Until a reorganization of agencies in the 1970s, federal social programs were managed by the now-defunct Department of Health, Education and Welfare.

A potential combination of the two departments was first reported by Education Week.

The Education Department is in the middle of its own restructuring, including a massive shakeup of the Office of Elementary and Secondary Education.

As part of its overall agency reform plan submitted to OMB last fall, the Education Department had proposed taking over a slew of programs that are currently managed by the Labor Department. It did not propose a merger with Labor.

That proposal from September, which was obtained by POLITICO, called for moving the Labor Department offices overseeing employment for people with disabilities, dislocated worker programs and youth workforce training funding to the Education Department.

For example, the plan calls for redirecting funding for the Labor Department's adult and dislocated worker programs into expanding Pell grants, run by the Education Department, for short-term training programs.

It also proposed sending H-1B visa fees that are currently used by the Labor Department for short-term job training programs to the Education Department to make competitive grants to "education and business partnerships" to boost high school science, technology engineering and math education.

Moving any of those programs, according to the Education Department's plan, would require congressional action.

Roll Call June 21, 2018

<u>Senators Keeping Hope – and Regular Order – Alive</u>

By: Niels Lesniewski

Does the Senate's sudden appetite for "regular order" have any chance of continuing through the summer, particularly when it comes to writing spending bills?

"One only hopes," Sen. Lindsey Graham said. "Appropriators seem to be able to get along better than other people."



The South Carolina Republican chairs the subcommittee responsible for funding the State Department. His bill is one of the three on the schedule for Thursday's Appropriations Committee meeting.

That the first amalgam of three spending bills to reach the Senate floor has not been upended by the headline-leading debate over the Trump administration policy shift that brought about the separation of migrant parents from their children may be the best testament to the interest of senators in making the process work.

"I laughingly said to Chairman Shelby, 'I'm holding back some of the greatest amendments on earth just so the Appropriations Committee can prove that it can do business,'" Senate Minority Whip Richard J. Durbin said.

The Illinois Democrat is a senior member of the spending panel, as well as the ranking Democrat on the Defense subcommittee. Alabama Republican Richard C. Shelby became chairman of both panels earlier this year.

Balancing act

Shelby's efforts to keep the process on track included a Monday meeting at the White House. He joined Homeland Security Appropriations Subcommittee Chairwoman Shelley Moore Capito of West Virginia to speak with President Donald Trump about border security, a key piece of Capito's bill and which is scheduled for full committee consideration Thursday.

Trump, of course, has expressed a desire for some \$25 billion for construction of a wall at the southwestern border. Shelby said the senators made clear to the president their intent to continue the bipartisan work on spending to try to avoid a shutdown.

"Of course, the president's focused on the whole border," Shelby told Roll Call on Tuesday. "Like all presidents, he'd want it done today, you know. And Congress is different, a step at a time. We told him that."

Durbin said a much smaller amount of wall-related funding in the fiscal 2019 Homeland Security measure had been worked out on a bipartisan basis, avoiding an obvious flash point.

It's also possible that Wednesday's defeat of a Republican effort to rescind past funding as requested by the Trump administration will help the process.

Appropriations Vice Chairman Patrick J. Leahy had warned against passing the rescissions plan because it could undermine the budget agreement from earlier this year. He lauded the rejection, 48-50, of a motion to discharge the House-passed package from committees in the Senate, a move that effectively blocked a floor vote.

"The Senate has reinforced the bipartisan, bicameral budget deal struck by Congress four months ago by rejecting President Trump's shortsighted rescission package," the Vermont Democrat said in a statement. "The message that this vote sends at both ends of Pennsylvania Avenue will be heard loudly and clearly."



Moving on

The Senate quickly got back to working on spending legislation after what turned out to be one long vote on cutbacks.

Majority Whip John Cornyn said Wednesday afternoon he expected the Senate to hold final votes on the three-bill spending package before shutting off the chamber lights for the week.

"We had this temporary diversion on the rescissions package, so we're now back on the bill and hopefully we'll get that done this week," the Texas Republican said.

"I think we'll know more about how the year looks if we can successfully get through the first group of bills, or so," Sen. Roy Blunt said. "Let's just hope we, this week, are able to move this package of three bills off the floor and have an established pattern we can repeat."

The Missouri Republican, a member of leadership, is also chairman of the subcommittee that drafts the often-contentious spending bill funding Labor, Health and Human Services, and Education.

Senators know the goodwill could disappear at any time, but for now, even some of the most contentious Appropriations Committee measures are on track. Durbin said he and Shelby are even "going to be ready" to move a Defense spending bill.

In addition to his full committee role, Leahy is the Democratic appropriator with whom Graham works the most closely in overseeing the subcommittee on State and Foreign Operations.

"I'm really pleased with Sen. Leahy. He's great to work with. He's trying to find a result," Graham said. "It's a chance for Democrats and Republicans to do something together. We've got to run the government. You can always make it better; it's an endless quest."

The progress on spending bills is continuing just after the Senate worked through and passed the fiscal 2019 defense authorization, despite battles that restricted amendment votes.

How far those good feelings extend beyond the spending measures will likely be tested again next week, with the Senate planning to take up a reauthorization of farm and nutrition programs before the July Fourth recess.

Agriculture Chairman Pat Roberts has been looking forward to bringing the bipartisan legislation to the floor — perhaps in a similarly truncated fashion.

"I'm open to talking to anybody about the farm bill. Usually, you talk to any member of Congress or a senator about a farm bill, there's about an 11-seconds attention span," the Kansas Republican said Wednesday when asked about his willingness to discuss concerns raised by some conservatives in the House, where the farm bill has been held up over the immigration debate.

CQ June 20, 2018



Budget Markup Begins Amid Potshots from Both Sides

By: Paul Krawzak

Day One of the House Budget Committee's fiscal 2019 budget resolution markup began with critiques from Republicans as well as Democrats — on a document that may not advance much further.

Rep. Tom McClintock, R-Calif., lambasted the plan for only proposing \$302 billion in 10-year spending cuts through the reconciliation process, which allows for filibuster-proof debate in the Senate.

McClintock said "we've never used this process as it is intended, not once" over the last decade, during which time the national debt has more than doubled. "Rather, we've rubber stamped what the leadership has already decided to spend and promised mandatory spending reform next year, always next year," he added.

McClintock said since the budget assumes \$5.4 trillion in cuts to mandatory spending programs over 10 years, the reconciliation instructions should reflect that number. McClintock said he pushed for higher reconciliation cuts as Republicans put the plan together behind closed doors.

The fiscal blueprint, written by House Budget Chairman Steve Womack contains reconciliation instructions that would require 11 House authorizing committees to produce legislation reducing the deficit by a minimum \$302 billion over 10 years. That is a higher reconciliation target than the \$203 billion in the House's initial fiscal 2018 budget resolution (H Con Res 71), before the proposed cuts were dropped in negotiations with the Senate.

McClintock said he is wrestling with whether to vote for the budget.

But the plan appears to have the Republican votes it needs to be adopted by the committee when the markup concludes Thursday. The majority can lose up to three votes and still pass the plan. In addition to McClintock, Virginia Republican Dave Brat is a potential 'no.' Some other Republican members of the committee have not said how they will vote. And several members of the committee had not yet shown up for the markup as of mid-afternoon Wednesday.

Brat, in his opening statement, said he was "proud of the work" that Republicans have done on the budget. Brat said his biggest concern is whether the Senate would take up a budget, since, if it does not, there is no way to advance reconciliation.

"I want them to open up," Brat said, referring to GOP senators, "and to say 'yes, we're not going to give up the most powerful tool in our quiver, the ability to do reconciliation and pass more good legislation on behalf of the American people."

Womack, R-Ark., told the committee the blueprint addresses the "largest looming shadow of doubt on America's future," namely the \$21 trillion and growing debt, by assuming cuts in fast growing mandatory spending programs and seeking to implement some of those cuts through reconciliation.

Without changes to Medicare and Social Security, he said, the programs will face cuts as early as 2026, based on Congressional Budget Office projections.



Womack called the \$302 billion in reconciliation instructions "the largest amount of deficit reduction called for through reconciliation instructions in more than two decades."

Democrats on the committee slammed the budget for its assumed \$6.5 trillion in spending cuts to both mandatory and nondefense discretionary programs. But they broadened their critique further, accusing the GOP of favoring the rich in last year's tax law (PL 115-97), which they noted is projected to increase the deficit.

"The GOP's skyrocketing deficits are no accident," said Kentucky Democrat John Yarmuth, the ranking member of the Budget Committee. "They are part of the Republicans' three-step plan to dismantle much of what the American people need and want from their government."

First, Yarmuth charged, the GOP passed "deep tax cuts benefiting the wealthy with no plan or intention to pay for them." Then, he said, Republicans "shed crocodile tears about the exploding deficits they themselves created." Now, according to Yarmuth, the budget resolution will "demand extreme cuts to programs and priorities that are vital to American families."

Democrats are planning to offer more than 20 amendments to the plan. They range from a policy statement that no federal funding should support separating children from their parents at the border, to other proposals eliminating assumed cuts to nutrition programs, Medicare, Medicaid, anti-poverty programs and other programs.

The committee is expected to begin considering amendments this afternoon but save all votes until Thursday.

While Womack appears to have the votes to move the budget through committee, there is no indication that House GOP leaders plan to bring the plan to the floor.

Wall Street Journal Editorial June 20, 2018

A Spending Embarrassment

By: Wall Street Journal Editorial Board

Republicans have had a rough week, mostly of their own making, and on Wednesday they added to their self-punishment with a spending fiasco in the Senate. Two GOP Senators blocked the Trump Administration's rescissions package that would claw back \$15 billion, much of which wasn't even likely to be spent under current policy.

A Senate procedural vote to move the rescissions package failed 48-50 after defections from Susan Collins of Maine and Richard Burr of North Carolina. From what we've heard Ms. Collins wanted to keep the money on ice so if it isn't spent as part of its current program she could spend it later on other things. Finding fake "savings" to spend elsewhere is a bipartisan tradition. Ms. Collins has helped to defeat a health-care bill that reformed Medicaid, death-tax repeal, and now the rescissions package.

Mr. Burr revolted over a line item about the Land and Water Conservation Fund, a rescission he wanted stripped from the package, and so he blocked even a debate. Mr. Burr could have moved to strike the item on the floor and he might have succeeded. The conservation program is largely a slush fund for government land grabs, but it's politically untouchable because it reminds people of Old Faithful and camping trips.



Mr. Burr thus tanked a \$15 billion package over a \$16 million rescission, and only after putting his GOP colleagues on the record for a tough vote. The House narrowly passed the rescissions package, and many vulnerable Republican members now will be attacked by Democrats as having voted to slash spending without having accomplished any fiscal discipline that excites the right.

Congress's window to pass rescission requests with a simple majority under the Congressional Budget and Impoundment Control Act of 1974 expires on Friday. As with other projects this Congress, the GOP almost succeeded, only to see it blow up at the eleventh hour thanks to self-serving Senators.

Defense

CQ June 20, 2018

Trump Plan to Send Immigrants to Military Bases Faces Pushback

By: John Donnelly

President Donald Trump's new executive order on immigration commands the Pentagon to prepare to detain immigrant families on U.S. military bases, a legally tricky proposition that is likely to spark controversy in Congress.

Democratic members of Congress have already drafted legislation that would block such a plan, though the bills are unlikely to become law.

"The Secretary of Defense shall take all legally available measures to provide to the Secretary [of Homeland Security], upon request, any existing facilities available for the housing and care of alien families, and shall construct such facilities if necessary and consistent with law," says the president's order, issued Wednesday. "The [Homeland Security] Secretary, to the extent permitted by law, shall be responsible for reimbursement for the use of these facilities."

Defense Secretary James Mattis told reporters at the Pentagon Wednesday that he stands ready to carry out the order. "We support DHS," Mattis said. "We'll respond if requested."

The Washington Post reported in May that the Department of Health and Human Services would begin scouting four military bases in Texas and Arkansas for possible use as detention facilities for immigrant children, an early sign that Trump administration officials were planning to detain children whose parents had crossed into the United States at a location outside of a designated entry point.

Army Lt. Col. Jamie Davis, a Pentagon spokesman, said in a statement Wednesday that HHS has completed its assessments at Goodfellow Air Force Base, Dyess Air Force Base and Fort Bliss in Texas "for potential use for the Unaccompanied Alien Children program," and HHS will visit Little Rock Air Force Base in Arkansas this week.

"DoD would, if asked, just provide the facilities and HHS would perform all the necessary functions such as feeding, caring for, security, etc. of the children," Davis said.



Under the Posse Comitatus Act, the U.S. military is prohibited from taking a direct role in law enforcement or detention operations. U.S. forces will need to be careful to ensure that line is not crossed, legal experts have noted.

The military can, however, provide support functions, as they have in backing up border-control operations under Trump and some of his predecessors.

President Barack Obama used military bases in Texas and California in 2014 to temporarily house more than 7,000 immigrant children for several months. Most of those children were unaccompanied minors who were in the United States fleeing drug-related violence in Central America.

The new wave of children are also fleeing toward what they believe will be improved conditions in the United States. But the children currently at issue are thousands whom the administration officials have chosen to forcibly separate from parents who have been charged with entering the country at unapproved locations.

As of Wednesday, Trump wants to detain parents and children together in cases where parents are charged with criminal violations.

The president and others in his administration had previously argued that they did not have such administrative flexibility but were bound by law to charge parents and, while those parents remained in custody, to detain their children separately.

Even if the military only provides the physical location for civilian government employees to detain and care for the children, many on Capitol Hill will push back.

When the House prepared to debate its fiscal 2019 defense authorization bill (HR 5515) last month, members filed amendments that would have blocked the incarceration of immigrant children on military bases. The GOP-run House Rules Committee did not make the amendments in order to be considered on the floor.

Rep. Donald S. Beyer Jr., D-Va., for one, had a proposal to block detention of immigrant children on military bases "for purposes of family separation."

And Rep. Ro Khanna, D-Calif., offered an amendment that would have prohibited funds authorized by the bill from being used to "hold or house immigrant children on military bases or for military personnel to participate in such efforts."

Financial Services

CQ June 21, 2018

Senate Appropriators Would Retain Pay Freeze for Pence, Others

By: Doug Sword

House appropriators are again trying to end a long-standing pay freeze that would deny raises for Vice President Mike Pence, Cabinet members and other top political appointees.



And, again, the Senate is not cooperating.

The draft fiscal 2019 Senate Financial Services appropriations bill, the annual home for the provision in recent years, would continue to freeze pay for the top officials in the executive branch, according to a summary Tuesday from the Senate Financial Services Appropriations Subcommittee. The draft is expected to be released Thursday.

Subcommittee Chairman James Lankford, R-Okla., said no one has urged him to remove the freeze. "I haven't gotten any push on that at all," Lankford said.

The freeze was excluded from the draft of the House bill. Democrats' effort to put it back during last week's markup was rejected by a party-line vote of 22-27.

The different approaches will likely lead to the same result as last year, when House appropriators also excluded the freeze from their fiscal 2018 Financial Services spending bill, said Rep. Mike Quigley, D-III., ranking member on the House Financial Services Appropriations panel. The Senate kept the freeze, and it remained in the fiscal 2018 omnibus (PL 115-141) as well.

Asked what the resolution would be, Quigley said, "Conference committee. In the end, I predict no raises."

Quigley said the provision has been in every spending law since at least fiscal 2014.

Democrats cried foul over Republicans' willingness to allow raises. Rep. Betty McCollum, D-Minn., who sponsored the amendment to restore the freeze, noted the administration's proposal to freeze pay for civilian federal workers, and called the House GOP's removal of the freeze for political appointees unfair.

"It's just unacceptable that the majority would want to abandon past years of precedence and give pay raises to senior officials in the Trump administration only," she said.

House Financial Services Appropriations Chairman Tom Graves, R-Ga., said last week that the majority opposed the amendment to restore the freeze. Graves said Wednesday that he expects discussions about the provision in the months to come.

"You know, James [Lankford] and I haven't discussed that yet," Graves told CQ. "I think we'll work through that together."

Rep. Tim Ryan, D-Ohio, ranking member of the Legislative Branch Appropriations Subcommittee, said that spending bill (HR 5894) contained the same pay freeze for members of Congress that, according to the Congressional Research Service, has been in every spending law since 2008.

"Here we are saying to ourselves, 'no pay raise,' but yet one of the wealthiest Cabinets we've ever seen is going to be eligible," Ryan said.

Besides keeping the pay freeze for top administration officials, Senate appropriators are also on course to rebuff a freeze for rank-and-file federal workers, a senior Democrat said.



Senate Financial Services Appropriations ranking member Chris Coons, D-Del., said Tuesday that the Senate bill would include a 1.9 percent pay raise for civilian federal workers.

State

CQ June 20, 2018

House Appropriators Scold Trump Over Child Border Detentions

By: Rachel Oswald

The House Appropriations Committee on Wednesday advanced, 30-21, the fiscal 2019 State-Foreign Operations spending bill during a markup that quickly became another forum for debate over the Trump administration's widely condemned zero-tolerance policy along the southern border.

The \$54 billion bill funds the State Department, U.S. Agency for International Development and other aid institutions at a level equal to current funding and \$11.8 billion more than the White House requested. The Senate's version of the bill, which appropriators will consider on Thursday, totals \$54.4 billion.

During the House markup, Republican appropriators defeated nearly all controversial Democratic amendments. But Rep. Debbie Wasserman Schultz, D-Fla., succeeded in attaching to the bill language that would deny the government any funding for the purpose of blocking lawmakers from visiting U.S. facilities where "foreign national minors" are being detained or housed.

The amendment, which was adopted by a voice vote, came just hours before President Donald Trump signed an executive order stopping the practice of separating undocumented migrant children from their parents at the border with Mexico, a policy that has drawn widespread outrage in the United States and around the world.

"It is absolutely critical that we get this language into a bill that is going to go to the president's desk and becomes law to ensure members of Congress are not denied access to these facilities any longer," said Wasserman Schultz, who said it would take at least two weeks for the administration to grant access to some U.S. facilities housing immigrant minors. "I would hope that the administration would get the very strong message that the Appropriations Committee has just sent and make sure they give us access to all facilities upon request."

The committee also adopted by voice vote a manager's package that includes an authorization giving USAID greater flexibility for how economic support funds are spent to rebuild parts of Iraq destroyed by ISIS. The manager's package also addresses delays in issuing U.S. visas, recommends funds be used to combat human trafficking in Libya, and stresses the importance of sustainable development and human rights in Africa.

In party-line votes, Republicans defeated several Democratic amendments that would have permitted funding for the U.N. Green Climate Fund as well as the U.N. Population Fund.

Republicans also rejected an amendment from Rep. Tim Ryan, D-Ohio, that would have increased USAID family planning funds by \$114 million to \$585 million.



In arguing against the amendment, State-Foreign Operations Subcommittee Chairman Harold Rogers said funding Ryan measure's would require shifting money out of other valuable global public health programs like ones aimed at preventing tuberculosis and HIV/AIDS.

"It's a zero sum game that we're in," the Kentucky Republican said.

Labor-HHS

Bloomberg June 20, 2018

Senate Bill to Surpass House in Medical Research Funding: Blunt

By: Kim Chipman

A Senate FY19 spending measure covering HHS will offer an even higher increase for medical research than the \$1.25b boost proposed in House version of bill, Republican Sen. Roy Blunt tells Bloomberg Law's Jeannie Baumann.

- "I think we're going to feel good about our number on Thursday and, yes, you can expect it to be a little bit higher than the House number," Blunt says after speaking at an event on biomedical research on Capitol Hill
- NOTE: Blunt, a member of Senate Appropriations Cmte, was referring to June 28, when the bill, which also covers labor appropriations, is set for markup



FW: [EXTERNAL] Budget & Appropriations: Regular order reigns supreme — House preps defense spending bill — Ryan moonlights as budget critic

From "Cantrell, Benjamin B. EOP/OMB" <"/o=exchange organization/ou=exchange administrative

: group (fydibohf23spdlt)/cn=recipients/cn=0b962dc9ebc64bc989ba5df1a45213d9-ca">

To: "Burghoff, Claire" Ex 6 - (5 U.S.C. Sec 552(b)(6))

Date: Mon, 25 Jun 2018 17:16:04 -0400

Is that what he said...

NEXT UP: Rep. Jeff Fortenberry (R-Neb.) has finally been tapped to lead the House Appropriations Legislative Branch Subcommittee, which oversees spending on the Capitol Police, Library of Congress and Government Accountability Office. While GOP leaders reshuffled the panel to fill former Rep. Charlie Dent's (R-Pa.) chairmanship of Military Construction-VA, they didn't touch Legislative Branch — initially leaving Fortenberry hanging. "Why did you leave it open? Why didn't you just go ahead and appoint Fortenberry?" Rep. Steve Womack (R-Ark.) has said. Meanwhile, Rep. John Rutherford (R-Fla.), who currently sits on Legislative Branch, was moved over to Military Construction-VA.

From: POLITICO Pro Budget and Appropriations <politicoemail@politicopro.com>

Sent: Monday, June 25, 2018 4:04 PM

To: Cantrell, Benjamin B. EOP/OMB (Ex 6 - (5 U.S.C. Sec 552(b)(6))

Subject: [EXTERNAL] Budget & Appropriations: Regular order reigns supreme — House preps defense

spending bill — Ryan moonlights as budget critic

By Jennifer Scholtes, Sarah Ferris and Kaitlyn Burton | 06/25/2018 04:01 PM EDT

SLIGHTLY SPIRITED: Practice your bro hug, Sen. <u>Richard Shelby</u> (R-Ala.). We want to see the Senate snooze-fest get a little punchy upon passage of the minibus tonight.

Even if Sen. <u>Lindsey Graham</u> (R-S.C.) doesn't teach his peers the art of the understated <u>fist</u> <u>bump</u>, appropriators will surely be celebrating that they're actually endeavoring to fund the government on time this year. In their surprise return to regular order, senators have debated and adopted more than 40 floor amendments to the three-measure package, <u>H.R. 5895 (115)</u>, they're wrapping up this evening. The highlights:

Shine some sunlight: Taking aim at acting VA Secretary Peter O'Rourke, the Senate adopted an <u>amendment</u> by Sen. <u>Jon Tester (D-Mont.)</u> that would bar funding under the bill from being used to deny information to inspectors general and would require those watchdogs to promptly tell appropriators if they're being rebuffed. "I'm here to tell you the VA is not above the law or



exempt from independent oversight, despite the acting secretary directing the inspector general to behave like it is his subordinate. He is not," Tester said on the floor. The department's inspector general <u>told lawmakers</u> last week that the director is refusing to turn over hundreds of whistleblower complaints.

Strawman: Skip the plastic, save the sea turtles. As their House counterparts did earlier this month, senators adopted an amendment aimed at ridding the congressional complex of plastic sippers. The <u>amendment</u> by Sen. <u>Chris Coons</u> (D-Del.) directs the Architect of the Capitol to spend up to \$5,000 working with contractors to eliminate or reduce the use of plastic straws in Legislative Branch facilities.

Telling their stories: Under that Legislative Branch title, senators adopted an <u>amendment</u> by Sen. <u>John Boozman</u> (R-Ark.) that would set aside nearly \$2.4 million for the Library of Congress to continue the Veterans History Project that collects and shares veterans' stories from U.S. conflicts spanning from World War I to the Iraq War.

Without much fanfare: Senators also accepted a slew of tweaks to the Military Construction-VA title itself, including an <u>amendment</u> by Sen. <u>Dean Heller</u> (R-Nev.) that would bar the VA from pilfering accounts for homeless veterans, an <u>amendment</u> by Sen. <u>Amy Klobuchar</u> (D-Minn.) that would order the VA to create a center of excellence for preventing and treating health conditions related to exposure to burn pits, and an <u>amendment</u> by Sen. <u>Bill Cassidy</u> (R-La.) that would require the department to publicly post its internal quality ratings for VA nursing homes.

GOOD MONDAY AFTERNOON! Reach out: jscholtes@politico.com (@jascholtes), sferris@politico.com (@sarahnferris) and kburton@politico.com (@knicoleburton).

Doc of the day — The Food Research & Action Center has created <u>interactive maps</u> that provide state-by-state data on participation in subsidized breakfast and lunch services through summer anti-hunger initiatives.

#DailyBudgetFact — Since 2003, the U.S. government has lost an estimated \$1.2 trillion through improper payments, according to GAO. That includes \$144.3 billion in fiscal 2016 alone.

APPROPRIATIONS

DEFENSE ON TAP: The House is gearing up for another week jam-packed with defense policy. And this time, it's all about the money. House members plan to vote on a \$675 billion fiscal 2019 Defense appropriations bill, <u>H.R. 6157 (115)</u>, almost exactly a month after approving the Pentagon's policy measure, <u>H.R. 2810 (115)</u>. In his scheduling announcement, Majority Leader <u>Kevin McCarthy</u> touted the spending bill as the second step in the DoD "rebuilding process." The extra money, he said, would speed up training programs and help modernize equipment, while boosting pay and services for troops.

A long night: The House Rules Committee has <u>roughly 131 amendments</u> to wade through tonight and Tuesday, before floor debate begins later this week. A handful of proposed amendments came in over the weekend, including two that would devote more money to



identifying remains from the Korean War. Another would bar the Defense Department from transferring lawyers to the Justice Department to enforce federal immigration laws. Get all the details from Morning Defense.

NEXT UP: Rep. <u>Jeff Fortenberry</u> (R-Neb.) has finally been tapped to lead the House Appropriations Legislative Branch Subcommittee, which oversees spending on the Capitol Police, Library of Congress and Government Accountability Office. While GOP leaders <u>reshuffled the panel</u> to fill former Rep. Charlie Dent's (R-Pa.) chairmanship of Military Construction-VA, they didn't touch Legislative Branch — initially leaving Fortenberry hanging. "Why did you leave it open? Why didn't you just go ahead and appoint Fortenberry?" Rep. <u>Steve Womack</u> (R-Ark.) has said. Meanwhile, Rep. <u>John Rutherford</u> (R-Fla.), who currently sits on Legislative Branch, was moved over to Military Construction-VA.

BUDGET

STAR-STUDDED: Congress' budget fix-it committee will have an A-list lineup on Wednesday, starting with House Speaker <u>Paul Ryan</u>. The former GOP budget chairman is sure to have plenty to say on the matter. After all, he was one of the chief proponents of creating the committee. House Minority Whip <u>Steny Hoyer</u> (D-Md.), who spent years on the House Appropriations Committee, will also weigh in. The <u>action</u> starts at 9 a.m.

FREE IDEAS: The Committee for a Responsible Federal Budget has a few suggestions for how congressional Republicans can achieve their big budgetary ambitions this year — \$1.28 trillion worth of suggestions, to be precise. The group released <u>a list</u> today of nearly 60 different ideas for cutting mandatory spending, proposing four times more savings than the House GOP's budget resolution.

Not all partisan: Nineteen of those ideas, such as expanding Medicare and Medicaid drug rebates, were borrowed directly from then-President Barack Obama's budgets. Seven, such as enacting user fees for food safety, were found in both Obama and Trump administration budgets.

Revenues, too: And that's just the spending side! CRFB has more than a dozen ideas about how to raise that cash, including eliminating the orphan drug tax credit, repealing the low-income housing credit and further reducing the mortgage interest deduction. Altogether, it would amount to as much as \$15 billion.

TAX

LOSING MY RELIGION: A little-noticed provision in the recent tax-code rewrite, <u>H.R. 1</u> (115), may come back to haunt Republicans, Brian Faler <u>reports</u>. The GOP law requires churches, hospitals, colleges, orchestras and other historically tax-exempt organizations to start paying a 21 percent tax on some types of fringe benefits they provide employees. That means thousands of groups could be forced to begin filing returns and paying taxes for the first time ever. And if they don't tweak their benefits, in some cases their tab could run in the tens of thousands of dollars.

AGRICULTURE



TEEING IT UP: The Senate will vote tonight to formally kick off debate on a sprawling farm bill, S. 3042 (115). That legislation could see a final vote this week, but that doesn't mean Congress is on track to reauthorize its agriculture and nutrition programs on time — something that hasn't been done since 1990. The Senate's vote this week would put it on nearly the same timeframe as the last farm bill in 2012, which took an extra two years of talks after that first Senate vote. While the upper chamber passed its version in June 2012, bicameral negotiations dragged out through February 2014.

Split the difference? This year's conference negotiators have their work cut out for them. The Senate's bill would cost \$867 billion over a decade, while the House's version — which toughens up qualifications for the food stamps program — would be deficit-neutral.

CONGRESS

NOMINEE HOLDUP ... BY THE GOP? The Senate's plan for a nominations-heavy August may be in trouble. Sen. <u>Jeff Flake</u> (R-Ariz.) suggested Sunday that he would consider blocking the approval of judicial nominees until the Senate votes to rebuff the president on tariffs. "I think myself and a number of senators, at least a few of us, will stand up and say let's not move any more judges until we get a vote, for example, on tariffs," Flake said on ABC's "This Week," <u>per Morning Trade</u>. Could that gum up the works for appropriations work, too? Stay tuned.

IMMIGRATION

'BUILD THE WALL!' President Donald Trump today doubled down on his position that due process for border-crossers takes too much time, Louis Nelson <u>reports</u>. He's instead pushing for a border security system that blocks undocumented immigrants from entering the U.S. in the first place.

UP TO THE TASK? HHS has created a task force to reunify thousands of immigrant children with their families, Dan Diamond <u>reports</u>. HHS has doled out nearly \$5 billion in grants over the past 15 years through a program that shelters, cares for and finds homes for immigrant kids, Vox <u>reports</u>. Most recently, the omnibus funding measure, <u>H.R. 1625 (115)</u>, contained \$1.3 billion for the effort. Trump's fiscal 2019 budget also requested \$1.1 billion for the program.

EARMARKS

- Where the wall worked. POLITICO Magazine.
- Opinion: Three ways to defeat dysfunction on the Hill. Roll Call.
- How a conservation fund helped sink Trump's budget-trimming efforts. Washington Post.
- GOP scrambles to regain fiscal credibility with House budget. The Hill.
- Sixty hours of GOP dysfunction on spending. National Review.

WE'RE COUNTING: 39 days until the National Flood Insurance Program expires (July 31) and 100 days until funding runs out (Sept. 30).



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Stories from POLITICO Pro

Graham, Cassidy unveil last-ditch Obamacare repeal bill Back

By Jennifer Haberkorn | 09/13/2017 02:20 PM EDT

Sens. Lindsey Graham, Bill Cassidy, Dean Heller and Ron Johnson on Wednesday released an Obamacare repeal bill, framing it as the last, best hope to fulfill the GOP's promise to undo the health law.

"There's a lot of fight left in the Republican Party" on repeal, Graham said.

The bill faces long odds: Even some of its GOP backers say it would be almost impossible to get a massive rewrite of the health care system through the Senate within 17 days, or before the expiration of fast-track procedural powers Republicans hope to use to bypass the threat of a Democratic filibuster.

President Donald Trump praised the lawmakers for continuing to work on Obamacare repeal, citing the "complete nightmare" the law is for Americans. But he didn't indicate whether he would press lawmakers to support the measure. "I sincerely hope that Senators Graham and Cassidy have found a way to address the Obamacare crisis," he said in a statement.

Graham called on Trump, Vice President Mike Pence and Senate GOP leaders to help them gather 50 votes. Majority Leader Mitch McConnell, who brought up several repeal measures in July only to see all of them fail, has said he'd bring up any Obamacare repeal bill that has enough Republican support. McConnell on Tuesday refused to choose between the repeal bill or a bipartisan measure being drafted by GOP Sen. Lamar Alexander and Democratic Sen. Patty Murray.

Graham said Trump, Pence and McConnell should put all of their effort into lobbying Republican lawmakers to back the bill.

"The idea that the Republican Party has done its best to repeal and replace Obamacare is a joke," the South Carolina Republican said.

The \$1.2 trillion <u>bill</u>, <u>H.R. 1628 (115)</u>, which has been at the CBO for about one week, according to the senators, would provide states with block grants instead of Obamacare's tax credits, Medicaid expansion and cost-sharing payments. It would also repeal Obamacare's individual and employer mandates and the medical device tax.

In general, Republicans favor giving the states a "block grant" of funding to create their own health care systems. The repeal bill attempts to equalize health care spending by the federal government to states.



Some states, particularly high-cost places such as Massachusetts, are bound to be worse off under the measure than less expensive parts of the country.

It's unclear if the CBO would even have time to score the bill before the end of the month. It would also have to go before the Senate parliamentarian to ensure that it complies with the rules of the expedited procedure, called reconciliation.

In addition, some conservatives have been cool to the legislation because it keeps many Obamacare taxes and doesn't do enough to undo the law. The message from the bill's authors on Wednesday was that they had to do something.

"This is our last shot," Johnson said. "I will never let perfect be the enemy of good. ... This is far better than Obamacare."

Johnson said he would hold a hearing on the plan by Sept. 30 in the Senate Homeland Security and Governmental Affairs Committee that he leads if the HELP and Finance committees that share jurisdiction over health issues don't.

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The tax collector gets religion Back

By Brian Faler | 06/25/2018 05:02 AM EDT

Republicans have quietly imposed a new tax on churches, synagogues and other nonprofits, a little-noticed and surprising change that promises to be hugely controversial.

Their recent tax-code rewrite, <u>H.R. 1 (115)</u>, requires churches, hospitals, colleges, orchestras and other historically tax-exempt organizations to begin paying a 21 percent tax on some types of fringe benefits they provide their employees.

That could force thousands of groups that have long had little contact with the IRS to suddenly begin filing returns and paying taxes for the first time. If they don't rethink their benefits, in some cases the tab could run in the tens of thousands of dollars.

Many organizations are stunned to learn of the tax, and say it will be a significant financial and administrative burden.

It also means political peril for lawmakers, many of whom were surely unaware of the provision when they approved the tax plan. Churches' tax-exempt status, in particular, has long been considered sacrosanct and Republicans are relying on the faithful to back them in the November elections.



Though many organizations are still unaware of the tax, more than 600 churches and other groups have already signed a petition demanding it be repealed.

"There's going to be huge headaches," said Galen Carey, vice president of government relations at the National Association of Evangelicals, an umbrella group of evangelical Christian organizations. "The cost of compliance, especially for churches that have small staffs or maybe volunteer accountants and bookkeepers — we don't need this kind of hassle."

At least one Republican lawmaker is now proposing to rescind the tax, though House Ways and Means Chairman Kevin Brady — one of the architects of the Tax Cuts and Jobs Act — is defending the provision.

It will help take tax considerations out of employee-compensation decisions, Brady said through a spokesman.

The debate comes as Republicans celebrate the six-month milestone of the law's enactment. They've emphasized the benefits of its big cuts in taxes on businesses and individuals.

But to help defray the budgetary cost of those changes, Republicans simultaneously pared tax breaks for workers' fringe benefits, which is projected to raise around \$40 billion over the next decade.

They were mainly targeting companies, trimming deductions they've long taken for entertaining clients and providing meals for employees.

But Republicans also wanted to treat nonprofits equally, which proved challenging.

Because those organizations don't pay income taxes, lawmakers couldn't take away fringebenefit deductions. So instead they created a 21 percent tax on the value of some of nonprofit employees' benefits.

The main benefits affected are transportation-related, like free parking in a lot or a garage and subway and bus passes. It also targets meals provided to workers and, in some circumstances, may affect gym memberships.

"The Tax Cuts and Jobs Act included provisions that provided grater parity in the tax treatment of different types of employee compensation," said Rob Damschen, a Brady spokesman. "These provisions apply to both employers that are taxable entities and those that are tax-exempt entities."

"Providing this greater parity helps to reduce the extent to which decisions about the elements included in the employee compensation package are driven by tax considerations," he said in an email.

The proposal got virtually no attention when the legislation was making its way through Congress late last year, and many groups are outraged to now learn of the requirement.



"What we're talking about is an income tax on the church for providing parking to its employees — that's what we're talking about," said Mike Batts, chairman of the board of the Evangelical Council for Financial Accountability, which is circulating the petition denouncing the tax. "It's absurd."

He scoffs at the idea of treating businesses and nonprofits equally.

"The whole idea of tax exemption for nonprofit organizations that are doing charitable, religious and educational work is for them not to be on the same playing field as for-profit businesses when it comes to taxes, in order to incentivize the good work they do to make our society better," said Batts, who is also managing partner of an accounting firm that specializes in religious nonprofits.

He and others complain that, thanks to nonprofits' tax-exempt status, many don't have experts on staff who can help them understand the provisions. They also note that while companies also lost fringe-benefit breaks, they simultaneously got big cuts in their tax rates and new incentives for investments that more than made up for the lost deductions.

Many nonprofits say they are confused over how exactly the tax is supposed to work.

Churches and other groups want to know how they are supposed to go about calculating the value of things like parking spaces for employees. Some wonder if the garages provided as part of clergy residences are now taxable.

Other nonprofits have their own questions.

Universities want to know if the bus services they provide for faculty and students are taxable and how they figure out how much they owe. Orchestras want to know how to treat musicians who may perform in different locations.

"At what point is something a travel reimbursement? And at what point is it a commuter benefit?" said Heather Noonan, vice president for advocacy at the League of American Orchestras.

Treasury is now working on regulations spelling out the details of how the tax will work, though the groups are supposed to have already been paying the tax. It took effect Jan. 1 and nonprofits are supposed to pay it quarterly.

A host of groups, including the Boys & Girls Clubs of America, Goodwill Industries, the YMCA and the National Council of Nonprofits are demanding the tax at least be delayed, saying it is unfair to ask them to be paying a levy they don't understand.

Earlier this month, Rep. Michael Conaway (R-Texas) introduced legislation to kill the tax.

"A lot of people are just finding out about it and the more people find out about it, the more pressure there will be on Treasury and Congress to either delay implementation or consider changing this," said Steven Woolf, senior tax policy counsel for the Jewish Federations of North America.



Thanks to parking benefits JFNA offers its employees, Woolf says the tax will cost his group about \$75,000 this year.

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CBO: Senate farm bill would cost \$867 billion over a decade Back

By Catherine Boudreau | 06/21/2018 07:01 PM EDT

The Senate farm bill is projected to be budget neutral over the next decade with a price tag of \$867 billion, according to a new Congressional Budget Office <u>analysis</u> posted Thursday.

Overall spending on the commodity title is expected to be about \$400 million less than current law, primarily due to the elimination of "economic adjustment assistance" for the cotton industry and a proposal to reduce the means test that determines eligibility for crop subsidies from \$900,000 to \$700,000 in adjusted gross income.

Adjustments to how commodity subsidies are calculated in Agriculture Risk Coverage would boost spending by nearly \$200 million over a decade, while the cost of Price Loss Coverage would drop by \$9 million. The dairy sector would see an extra \$200 million in assistance.

Meanwhile, overall funding for the conservation title is projected to stay flat over the next 10 years, though spending on different initiatives would shift. Annual acreage enrollment in the Conservation Stewardship Program would drop, saving about \$1 billion, while funding for the Environmental Quality Incentives Program would decrease by \$1.5 billion.

But proposed funding for the Agricultural Conservation Easement Program and Regional Conservation Partnership Program would increase by about \$2.5 billion combined.

The Senate farm bill wouldn't make major changes to the nutrition title, including the Supplemental Nutrition Assistance Program, which would see a \$6 million spending increase over a decade.

However, the CBO report sheds light on the impact of several administrative changes to the food stamp program. For example, the Senate bill would require states to use a national database to prevent SNAP participants from receiving benefits from more than one state at a time, which would reduce spending by \$588 million over a decade.

USDA's Food Insecurity Nutrition Incentive Grant Program, which funds incentives to SNAP recipients who purchase fruits and vegetables, would see a \$400 million increase in spending over a decade.

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Trump amplifies push to end due process for illegal immigrants Back

By Louis Nelson | 06/25/2018 09:44 AM EDT

President Donald Trump on Monday doubled-down on his position that due process for illegal border crossers is too time consuming, advocating instead for a border security system that prevents undocumented immigrants from entering the U.S. illegally in the first place.

"Hiring manythousands [sic] of judges, and going through a long and complicated legal process, is not the way to go - will always be dysfunctional [sic]. People must simply be stopped at the Border and told they cannot come into the U.S. illegally. Children brought back to their country," the president wrote on Twitter, splitting his message into two posts. "If this is done, illegal immigration will be stopped in it's [sic] tracks - and at very little, by comparison, cost. This is the only real answer - and we must continue to BUILD THE WALL!"

Trump's border security and immigration policy has been the subject of significant criticism in recent days as outcry grew over the administration's "zero tolerance" policy that led to the separation more than 2,000 children from parents who brought them illegally into the U.S. The president signed an executive order last week aimed at keeping families together but has continued to press for tougher border security, blaming Democrats unwilling to accede to his immigration and security proposals for issues at the border.

In his efforts to point the finger at the minority party in both houses of Congress, Trump has gone so far as to undercut his own party's efforts at passing immigration reform legislation, writing on Twitter that House Republicans are wasting their time trying to pass such a measure when it is unlikely to pass in the Senate.

The president's Monday derision of a legal process by which undocumented immigrants are removed from the country without judicial proceedings or review was an extension of an argument he put forward over the weekend, when he wrote that "when somebody comes in, we must immediately, with no Judges or Court Cases, bring them back from where they came."

"We cannot allow all of these people to invade our Country," he wrote. "Our system is a mockery to good immigration policy and Law and Order. Most children come without parents."

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HHS creates task force to reunify migrant families Back

By Dan Diamond | 06/22/2018 08:02 PM EDT



HHS on Friday created an "unaccompanied children reunification task force," a first step toward reunifying thousands of migrant children in the agency's custody with their families, according to an internal document obtained by POLITICO.

The task force was established by the assistant secretary for preparedness and response — the arm of the agency that responds to public health disasters, and an indication that the challenge of reunifying thousands of families is likely beyond the capabilities of the refugee office.

"The Secretary of Health and Human Services has directed the Assistant Secretary of Preparedness and Response assist the ACF Office of Refugee Resettlement with Unaccompanied Children Reunification," the order reads. The agency's Emergency Management Group, which operates out of the HHS secretary's operations center, also was activated.

"Secretary [Alex] Azar is bringing to bear all the relevant resources of the department in order to assist in the reunification or placement of unaccompanied alien children and teenagers with a parent or appropriate sponsor," HHS spokesperson Evelyn Stauffer told POLITICO on Friday night. She said the preparedness and response office will apply its "operational and logistical expertise in addressing this complex effort. The Office of Refugee Resettlement continues to oversee and manage the Unaccompanied Alien Children Program."

The emergency response team typically is deployed for crises like hurricanes and viral epidemics — a sign that the agency is approaching reunifying families and accompanying health challenges akin to a public health disaster.

Running the response through the secretary's operation center also will allow HHS to more easily pull resources and coordinate among agencies.

President Donald Trump on Wednesday <u>signed</u> an executive order halting family separations, telling reporters that "I didn't like the sight or the feeling of families being separated."

But questions have swirled over whether HHS is prepared to reunite around 2,300 children with their families, and whether the department's refugee office <u>has the resources or leadership</u> to handle the challenge.

Democrats on Thursday called for a government audit of the health department's process to track separated families, such as whether the refugee office has been keeping a master list of children separated from their parents — a question that HHS officials have repeatedly declined to answer.

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Where the Wall Worked Back

By Sam Quinones | 06/25/2018 05:12 AM EDT



TIJUANA, Mexico—In 1972, a 15-year-old named Raul stepped off a bus at a depot near Coahuila Street, in the red-light district of Tijuana. Coming from an isolated village in the farming state of Michoacán, Raul had never heard so much noise, nor seen so many people in one place. He spent the next day afraid to leave the bus depot, until a janitor shooed him away.

Coahuila, teeming with people, was a legendary neighborhood a few blocks from the U.S.-Mexico border. Americans came here to spend money in the all-night clubs on booze and sex. By the time Raul arrived, it had also grown into a kind of Ellis Island for would-be migrants—a landing spot for poor folks from across Mexico who arrived on buses like his by the hundreds every day, headed, they hoped, to new and better lives in the United States. They rented cheap rooms in the hooker hotels, as did the smugglers they paid to herd them through a border of barbed wire or porous chain-link fence. Raul had hoped to cross the border and pick crops in California's Central Valley. But his uncles, whom he hadn't seen for years, had found work as immigrant smugglers. Instead of crossing into California, Raul stayed in Tijuana, and grew into the family business.

The immigrant-smuggling business was quintessential Tijuana in the 1970s and '80s: It was a seat-of-the-pants endeavor that young men, rural transplants, entered easily by learning from others, employing mostly their wits and bravado. In Mexico, they were known as *polleros* (chicken herders), and they were the kings of Tijuana, rolling in dollars and filling the cantinas after every trip. "So, I stayed, earning \$100 or \$200 a day as a pollero's helper," Raul told me when I met him in Tijuana a few months ago. "I went from helper to pollero, driving people across."

All that changed beginning in the early 1990s, when U.S. authorities, responding to the chaos and open flouting of the law at the border, built a wall—followed by another over the next decade. The first, made of Vietnam War-era steel landing pads, begins in the waves of the Pacific Ocean and stretches east for 14 miles along hilly terrain that sidles against a string of working-class neighborhoods, the Tijuana airport and the Otay Mesa factory zone, stopping only when it meets the mountain known as Nido de las Águilas (Eagles' Nest), on Tijuana's eastern edge. The second, parallel barrier, made of fencing and prison-like stanchions, spans several miles east and west on either side of the legal crossing point at San Ysidro. Along with these structures came additional surveillance such as buried sensors and poles with cameras peering in every direction.

Today, nothing so embodies the tense relations between the United States and Mexico as President Donald Trump's promise to build a wall along much of the 2,000-mile border between the two countries. Trump has spoken of a "big, beautiful" border barrier since his days as a candidate and, earlier this year, took a <u>trip</u> to San Diego to view prototypes. Many Americans and Mexicans alike have greeted the idea with disdain. A wall would be expensive (\$18 billion, by the administration's own estimation); redundant (some 700 miles of wall and fencing already exist); and, to some Mexicans, offensive. The leftist politician Andrés Manuel López Obrador has described the impulse behind the would-be structure as "neo-fascist"; he is leading in the polls to become Mexico's next president.



Tijuanans, though, tend to view the idea of yet another wall with indifference. "We already have two walls. I'm not sure what another one would do," says Miguel Marshall, a young entrepreneur in the city.

Tijuana has in many ways been a success story since the 1990s—and at least some of that success owes to the border walls. Over the years, the walls, along with bulked-up security, have imposed order on a chaotic border, where extortion, rape and robbery had been common. More broadly, the walls were the first nudge that forced the city to focus inward and wean itself, over many years, from its dependence on easy money from elsewhere. Eight former polleros I spoke with for this story, including Raul, told me that after the walls went up, their smuggling business began to taper off; they no longer facilitate illegal crossings. (Illegal immigrant apprehensions at the southwest border overall have dropped by more than 70 percent in that time, from well north of 1 million annually in the late 1990s to about 300,000 in the 2017 fiscal year.) Meanwhile, though for different reasons, U.S. tourism to Tijuana slowed substantially.

Over the past 24 years, including a decade living in Mexico City, I have made dozens of trips to Tijuana and watched the city slowly mature from a kind of wild west dependence on migrant-smuggling and American tourism to a more self-contained and economically viable metropolis. I grew fascinated by the emerging city that few in the United States seemed to recognize—a place with burgeoning opera and classical music scenes and a distinctive and high-quality cuisine known as Baja Med. In some areas, older buildings are being redeveloped and in-filled. Locals have created boutiques, clothing lines, microbreweries, small but striving tech and film industries, art galleries and more—all of which serve Tijuana's middle class and a new cohort of rambunctious, globally aware hipsters who have grown up since the mid-1990s. Bus depots that once deposited tourists or prospective migrants near the border daily have closed. The old hooker hotels are fading, and lofts and artist spaces have sprouted up. Today, Tijuana's economy is among the most robust in Mexico.

Tijuana continues to face its share of troubles. Drug trade-related murders have recently spiked, and as the United States sends undocumented immigrants back to Mexico, new flophouses have cropped up in Tijuana for deportees. Nor have illegal border crossings to the United States gone away, as has been made clear by the family-separation crisis at the U.S. border in recent weeks. But the time I've spent in Tijuana suggests that the walls at least were the first jolt in a citywide reinvention that has been largely positive. As the United States and Mexico face the prospect of a tougher border—whether Trump gets his wall or not—in Tijuana, at least, locals have stopped looking north quite so much as they once did.

Long before the walls went up, Tijuana was a village along a river, across the borderline from San Diego, dependent on the United States even for electricity. Easy money flowed, but it was American dollars, not pesos, that fueled commerce for much of the 20th century. Los Angelenos looking to avoid U.S. prohibitions on alcohol and gambling in the 1920s and '30s, and later Hollywood partiers looking to have a good time, headed south over the border. In the following decades, the Avenida Revolución tourist strip developed into a place for Americans to get drunk and lose their inhibitions. For countless foreign visitors, this city was their idea of "Mexico"; people in the rest of the country, though, tended to view the town as barely Mexican.



As Mexico's economy stumbled through the 1970s, Tijuana also emerged as a crossing point for illegal immigrants who hoped to tap the massive job markets in Southern California and the agricultural Central Valley. Its city limits began to leap east and south, unplanned and chaotic, filling with the poor from the country's blighted rural interior. Back home, wherever they had come from, elites tended to blunt access to economic opportunity. But Tijuana, as it grew from a dusty village to a busy outpost of sin, was a blank slate where people could start small businesses and work their way into the middle class. Mexico's rural poor collectively injected huge amounts of money and energy into the city's economy.

The migrants seeking to cross into the United States supported a whole cottage industry of suppliers near the border selling them what they needed for the trip. According to the polleros I spoke with, one crossing area that was legendary became known as Las Canelas—The Cinnamons—for a spiced drink with a touch of alcohol to keep crossers warm at night. At Las Canelas, a marketplace materialized every afternoon as migrants congregated before crossing, and vendors came to sell them tacos, coffee, maps, shoes, coats, tampons, diapers and more. All this was abetted by the fact that, for decades, the border was simply a line that people crossed at will. By the 1980s, officials added a chain-link fence here and there, or strands of barbed wire, but both were easily broached. At times, Raul told me, Border Patrol officers had to push Las Canelas south—the vendors had unwittingly nudged into U.S. territory. The market continued through each night, he says, until, a few hours before dawn, when vendors would strike their stands. They would be back the next afternoon.

Officially, Tijuana grew from roughly 290,000 people in 1970 to close to 1 million by the 1990s. But even those figures seem conservative, given the vast river of people passing through the city during these decades, stopping for days or months before moving on. Over that time, the migrant-smuggling industry became a volume business; former polleros tell me they routinely herded groups of 20, 50, 70 people across the borderline, then crowded them into vans and trucks waiting a few hundred yards north that took them to Los Angeles and beyond, with each migrant paying a fee of a few hundred dollars.

Meanwhile, many people came to Tijuana intending to cross but stayed. They discovered new businesses they had never imagined back home. They sold hardware and building supplies to people, like them, who came and stayed. Others found work selling velvet paintings, serapes, plaster Mickey Mouse statues, tequila—and sex—to the Americans flowing south onto the Avenida Revolución every weekend. The money that came from crossing people or selling trinkets to Americans added little to the city's own productivity or entrepreneurialism, however. Tijuana was, primarily, a way station.

In 1986, Congress responded to the chaotic flow of migrants by passing the <u>Immigration Reform and Control Act</u>, giving amnesty to some 3 million undocumented immigrants in the United States and enacting punishment for employers who hired undocumented workers. But the migrants continued to come; American employers continued to hire them with virtual impunity; and the Mexican economy continued to be unable to channel the energies of its young working classes. By the mid-1990s, undocumented immigrants in the United States would number some <u>5</u> million—equal to the number before IRCA.



The administrations of Presidents George H.W. Bush and Bill Clinton responded to the surge with a number of measures meant to keep out illegal migrants in the first place. They included the first wall on the California-Mexico border—the 14-mile steel structure—which the Border Patrol had completed by late 1993. In 1994 came "Operation Gatekeeper," a federal initiative committing more Border Patrol resources to the San Diego area. That same year, California voters passed Proposition 187, which denied government services to those in the country illegally. A court later overturned the measure, but it was nonetheless a sign of American voters' sentiments.

The terrorist attacks of September 11, 2001, forced heightened border security. The lines in Tijuana to cross legally into the United States grew to be hours long. The wall had already made it harder for Mexicans to jump the border northward; now the crossing was a hassle for American tourists as well, and their numbers began to dwindle.

But illegal immigration to the United States was still on the rise. So, in subsequent years, a second fence, roughly 100 yards into the U.S. interior, was constructed; it was largely completed by 2005. Around that same time, through a combination of federal and congressional action, the Border Patrol added more agents, sensors, lighting, cameras and other surveillance. Border Patrol apprehensions in San Diego fell from more than half a million in 1994 to 138,000 a decade later—and to just 26,000 last year. Over time, trafficking was no longer a game for independent operators; increasingly they had to leave the trade or join larger groups who could afford to pay Mexican authorities for protection or for more elaborate ways of smuggling individual immigrants across. Many polleros left the trade. Those who remained raised their prices. The mighty flows of migrants north from Tijuana ebbed. Las Canelas faded.

Then, from 2008 to 2010, savage drug-cartel violence erupted in a fight over territory between the reigning Tijuana cartel and its rivals. For a time, that, and the effects of the recession, all but extinguished the foreign tourism that had sustained much of the town since its birth. The Avenida Revolución tourist strip, which once buzzed with dollars and drunk Marines, was largely abandoned. The cost of crossing, migrants tell me, eventually skyrocketed to between \$6,000 and \$14,000 per person—perhaps the best measurement of how the border closed. Tijuana was left without the rivers of money from the south and north from which it had long lived.

At the same time, a class of young entrepreneurs, bilingual and eager to mix with the world, was quietly emerging from Tijuana's middle class. Their parents had come in the 1970s and found work as vendors or, later, accountants in assembly plants, sacrificing so that their children could attend college and find more opportunity in the world.

Among them was Miguel Marshall. Marshall, 31, began his business career selling goods to American tourists on Avenida Revolución—rhinestone-studded T-shirts that he bought from Chinese and Israeli merchants in the Fashion District of Los Angeles. But as American tourism declined and the drug violence began to subside in 2011, a small hive of hipster bars and restaurants formed at Avenida Revolución and Sixth Street, and young artists crept onto the wasteland of Revolución, painting murals and provocative statements on the storefront shutters.



Marshall, and other entrepreneurs of his generation, were "thirsty for a sense of being a Tijuanan, people from a city that's typically not recognized," he says. Without the traditional, easier ways of doing business, he continues, "I had to become more creative, think of other ways to make money. Then we saw the economics: abandoned buildings, cheap rent. It was easy to do something that looks nice cheaply."

Soon they were transforming classic old Tijuana. Curio shops that once sold switchblades, velvet paintings and naked-lady playing cards to Americans became boutiques displaying fashions from local designers. Old taco shops became gourmet taco stands. Hotel Caesar's, which houses the restaurant where the Caesar salad was famously invented, has remodeled and now features Baja-Med cuisine of grilled octopus, French onion soup and tamarind margaritas. The corridors—

pasajes —that in Tijuana's tourist heyday housed kitschy art galleries for Americans were abandoned for many years. They have now been reborn as gathering places for Tijuanans. The main corridor—Pasaje Rodriguez—is thick with cafés with young kids smoking and playing guitar, a bookstore and funky galleries, which come and go quickly amid walls painted with the visages of revolutionary Emiliano Zapata and the Mexican cultural critic Carlos Monsiváis.

Today, Tijuana's population is more than 1.6 million; its unemployment hovers around <u>2 percent</u> (compared with a national average of about <u>3.5 percent</u>); and the city is enjoying a <u>construction boom</u>. It has also deepened its economic ties with San Diego, which is connected to the Tijuana airport by a walkway. Residents of each city attend concerts and sporting events in the other. At the port of entry in San Ysidro, part of the city of San Diego, the Las Americas Premium Outlets bustle with shoppers, many of whom cross legally from Tijuana. Tijuana pharmacies and hospitals survive largely off Americans coming south for cheaper medication or procedures. Meanwhile, San Ysidro remains the <u>busiest</u> land border crossing in the world—for legal migrants.

Of course, Tijuana's growth is the result of more than just the city's new entrepreneurial spirit. Assembly plants—making televisions, car parts and more for the U.S. market—have long employed much of the city's working class. And Mexico's economy, with a rising middle class, has grown overall in recent years, particularly in the industrial north, at least in part due to the North American Free Trade Agreement. What's more, large parts of Tijuana remain shantytowns, with residents who might be surprised to hear that the city is changing at all.

But in places like Pasaje Rodriguez, there is a palpable sense of reinvigoration, with businesses that serve a local clientele. A block away, the Sara building once housed a discount-clothing emporium. On the ground floor now is Baristi, a café of dark rough-cut wood offering coffee, wine and Wi-Fi. A floor above is a co-working space, and above that is a terrace reception area where Victor Rangel often works. Rangel, now 37, told me he was deported from the United States when he was 25, in the middle of studying to be a chef. After years of traipsing around Mexico, he has settled in Tijuana.

"We do have bars for gringos, but it's started to die down," Rangel says. "Now it's more like bars and cocktails directed at the bicultural Tijuana kids."

Marshall, meanwhile, started a co-working space called Hub Stn, in one of the very bus stations that used to transport thousands of Americans to Tijuana every weekend. When that was bought



and razed for a movie theater, he turned to other properties. He has renovated a gas station— Estación Federal—near the borderline into a mix of apartments, co-working space, a café and offices that house an art gallery and more. Marshall also recently purchased one of the old hardware stores that sold so much of what built Tijuana for decades, and he is redeveloping that into a mix of lofts and retail.

Tijuana's border walls haven't been all good. The city's inward turn has left behind many who devoted their youth to developing skills the informal smuggling economy demanded. Ex-polleros who did not die of murder or cirrhosis of the liver did a generally poor job of saving for their old age. Some are now taxi drivers, security guards or supermarket baggers; Raul caretakes vacant land near the coast owned by wealthy people who want it protected from squatters. It's humbling work for men who ruled Tijuana back when it seemed the river of migrants would never end.

Despite enormous U.S. investment in border security, the flow of drugs, particularly heroin, continues at a time of widespread opiate addiction in America. Heroin, and now fentanyl, can be smuggled in small quantities—on one's persons or by car. Today, the Baja region remains a major conduit for drug traffickers. The violence that subsided in 2011 has recently returned, as two cartels have competed for control of the local retail drug trade. Last year was Tijuana's deadliest on record.

Today, the city is grappling with a different kind of migrant: deportees ejected from America and from the families and lives they built there. The Obama administration deported as many as 2 million people in eight years, many of them to Mexico; the Trump administration has continued this policy. Many of these deportees know no one in Mexico and, without Mexican birth certificates, drivers' licenses or voter cards, which they have either lost or never possessed, they are truly "undocumented" in their own homelands. So, they stay in Tijuana, figuratively pressed up against the fence, unable to imagine not going back to their family members in America and unwilling to move into Mexico's interior, which is a foreign country to them.

Many of them clump near the old Coahuila red light district, living on the street, mired in drugs and alcohol and often, they tell me, the target of police assault. Some deportees stay, when they can, in the hooker hotels where optimistic migrants once rested before crossing north. In the past few years, new flophouses have opened catering to deportees. On a Sunday morning recently, outside one such place, fittingly called the Hotel del Migrante, worn-out men in faded baseball caps, dirty jeans and dilapidated shoes stood in the morning sun, some with hands raised, as a group of Christian missionaries held a praise service in the street before feeding the men.

"They have a whole lot to give," says Martin Gutierrez, a cab driver who was stopped nearby. "[Tijuana] needs to get all these deportees and channel them." A deportee himself, Gutierrez, 53, told me he had overcome homelessness and alcoholism. "It's them who need to change their walk and their ways," he adds, "to make things happen for themselves."

These are strange exhortations for men whose lives have been built on making the most of the few assets they possess. But it's the lesson Tijuana has had to learn since the 1990s, when that first wall changed so much. A city that grew on the energy of migrants coming north every year



in hopes of a new life now must absorb many of those same people returning, often worn out and sometimes even clinically depressed. Finding ways of inspiring deportees to productivity stands as one of the city's most daunting challenges.

Still, the city of Tijuana has managed to redefine itself, and this set of people—arrested in America, sent back to Mexico, starting over—are going to have to do the same. "Over here in Mexico, you're a whole new person," Gutierrez says, watching the missionaries sing to the line of deflated men. "You don't have no prison record. You have your ID. You can use your name. You don't have to hide. You're a whole new you."

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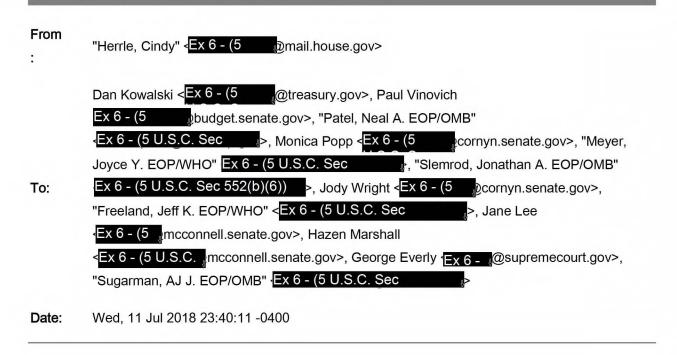
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Appropriations Committee Approves FY2019 Labor, Health and Human Services, Education Funding Bill





House Appropriations Committee

Chairman Rodney Frelinghuysen

Website address: http://appropriations.house.gov/

For Immediate Release: July 11, 2018 Contact: Jennifer Hing, (202) 226-7007

<u>Appropriations Committee Approves the Fiscal Year 2019 Labor, Health</u> and Human Services, Education Funding Bill

Legislation targets funding to programs that reflect American values —medical research, programs to fight the opioid epidemic, and essential education programs for students



WASHINGTON, D.C. – The House Appropriations Committee today approved the draft fiscal year 2019 Labor, Health and Human Services, and Education (LHHS) funding bill on a vote of 30-22. The legislation includes funding for programs within the Department of Labor, the Department of Health and Human Services, the Department of Education, and other related agencies.

In total, the draft bill includes \$177.1 billion in discretionary funding, essentially the same as the 2018 enacted level. The bill targets investments in medical research, public health, biodefense, education, and important activities that help promote job readiness. The legislation also includes several provisions to rein in unnecessary regulations and to protect the sanctity of life.

"This bill funds critical programs that will protect and save lives both now and in the future, and help prepare the next generation to be part of a productive workforce to grow our economy and provide for their families. This includes investments in vital research to cure diseases such as cancer and Alzheimer's, job training, college preparation, and special education programs, and protections against health threats such as pandemics and bio-threats," House Appropriations Chairman Rodney Frelinghuysen said. "The bill also continues funding for services to ensure that unaccompanied immigrant children have proper housing and care, and that eligible refugee families have the resources needed to settle in communities across the country and achieve self-sufficiency. We will continue our oversight responsibilities to ensure that separated families are reunited as quickly as possible, and that adequate resources are provided to do so."

"Once again, the Labor, Health and Human Services, Education and Related Agencies appropriations bill prioritizes and reflects the values that Americans truly care for. For the fourth consecutive year, the bill allocates increased funds for the National Institutes of Health at \$1.25 billion, for a total of \$38.3 billion. These funds will greatly benefit numerous medical research programs, combat opioid abuse and support the search for cures for many cancers and diseases. Additionally, the bill includes increases for important education programs like TRIO, career and technical education, and early childhood education initiatives. Provisions related to the protection of human life are continued in this year's bill as well. This bill is one that supports and benefits all Americans," LHHS Subcommittee Chairman Tom Cole said.

The following amendments were adopted by the full committee today:

Rep. Cole – The amendment makes technical and non-controversial changes to the bill and report. The amendment was adopted on a voice vote.

Rep. DeLauro – The amendment requires HHS to submit a plan to reunify immigrant children with their parents. **The amendment was adopted on a voice vote.**

Rep. Cole – The amendment clarifies standards for family detention. The amendment would permit detention of families as a unit. **The amendment was adopted on a vote of 31-21.**

Rep. Pingree – The amendment supports efforts to house immigrant children who are siblings together. **The amendment was adopted on a voice vote.**



Rep. Aderholt – The amendment prohibits discrimination against a child welfare service provider based on the provider's religious or moral beliefs. The amendment was adopted on a vote of 29-23.

Rep. Clark – The amendment prohibits the administration of medication to unaccompanied alien children unless certain conditions deem such medication medically necessary. **The amendment was adopted on a voice vote.**

Rep. Pocan – The amendment expresses a sense of Congress regarding family separations and the reunification of immigrant families. **The amendment was adopted on a voice vote.**

Rep. Wasserman Schultz – The amendment requires an Inspector General report on family separation and reunification politics. **The amendment was adopted on a voice vote.**

Rep. Ruppersberger – The amendment reaffirms HHS statutory responsibilities for unaccompanied alien children. **The amendment was adopted on a voice vote.**

Rep. DeLauro – The amendment directs \$10 million to fund mental health services for children separated from their families at the border. **The amendment was adopted on a voice vote.**

Rep. Clark – The amendment prohibits funding for HHS to use questions of religion in the process of family reunification. The amendment was adopted on a voice vote.

Rep. Clark – The amendment requires a report on pre-literate unaccompanied alien children. The amendment was adopted on a voice vote.

Rep. Kaptur – The amendment adds language to protect personal and genetic information of children and adults if used in the process of family reunification. **The amendment was adopted on a voice vote.**

Rep. Clark – The amendment requires a report on the mental health of separated children. The amendment was adopted on a voice vote.

Rep. McCollum – The amendment allows for student loan deferment for those undergoing cancer treatment. **The amendment was adopted on a voice vote.**

Rep. Kaptur – The amendment requires a report on prescription drug prices. **The amendment was adopted on a voice vote.**

Rep. Cole – The amendment adds language related to student loan collection, requiring performance metrics be met before certain Federal Student Aid agency employees can receive a performance bonus. **The amendment was adopted on a voice vote.**

Mr. Price – The amendment changes language in the Managers Amendment and the Committee report to include reporting requirements related to the separation of children and the reunification process. **The amendment was adopted on a voice vote.**

For a summary of the bill, please visit:

>https://appropriations.house.gov/news/documentsingle.aspx?DocumentID=395353<



For the bill report, please visit:

>https://appropriations.house.gov/uploadedfiles/labor_report.pdf<

For the text of the bill, please visit:

>https://docs.house.gov/meetings/AP/AP07/20180615/108431/BILLS-115-SC-AP-FY2019-LaborHHS-LaborBill.pdf

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House Committee on Appropriations News Clips: July 18, 2018

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General Appropriations News July 18, 2018

Vote on Interior, Financial Services Bills Could Come Wednesday

By: Jeremy Dillon, CQ

House lawmakers slogged through more than 40 amendments to a \$58.7 billion Interior-Environment and Financial Services fiscal 2019 spending package Tuesday night, keeping it on track for final passage as soon as Wednesday.

Shelby: Appropriations' First-Ever Female Staff Director is 'Tough, Absolutely"

By: Alex Gangitano, Roll Call

For the first time ever, a female staff director has the reins of the powerful Senate Appropriations Committee.

Homeland

House eyes \$5 billion for Trump's border wall, setting up showdown with Senate

By: Erica Werner, Washington Post

House Republicans are aiming to meet President Trump's latest request for his border wall — \$5 billion for 2019 — setting up a potential showdown with the Senate.

House spending bill would provide \$5B for barriers, tech on southern border

By: David Sherfinski, Washington Times

The House Appropriations Committee on Wednesday released its 2019 spending bill for the Department of Homeland Security that includes \$5 billion to go toward "border security assets and infrastructure," including more than 200 miles of new barrier construction along the U.S.-Mexico border.

Labor-HHS

Trump's migrant fiasco diverts millions from health programs

By: Dan Diamond, Politico

The health department has quietly dipped into tens of millions of dollars to pay for the consequences of President Donald Trump's border policy, angering advocates who want the money spent on medical research, rural health programs and other priorities.



MilCon-VA

Congress told to find money to fill billion dollar gap in funding for veteran health care

By: David Sherfinski, Washington Times

The White House is siding with House Republicans and the chairmen of Congress's budget committees in a dispute with senators over veterans' health care funding that has stalled negotiations over an initial package of 2019 spending bills.

White House: U.S. Can't Afford Veterans' Health Care Without Cuts

By: Eric Levitz, New York Magazine

Last year, the Trump administration insisted that its regressive tax cuts were so important, it was worth adding \$1.5 trillion to the national debt to ensure their passage.

State-Foreign Ops

U.S. Embassy in Jerusalem to cost more than \$21 million - nearly 100 times President Trump's estimate

By: Shannon Crawford and Soo Rin Kim, ABC News

President Donald Trump may have written the book on deal-making, but when it comes to the U.S. Embassy in Jerusalem, it appears he won't be getting the bargain he wanted.

General Appropriations News

CQ July 18, 2018

Vote on Interior, Financial Services Bills Could Come Wednesday

By: Jeremy Dillon

House lawmakers slogged through more than 40 amendments to a \$58.7 billion Interior-Environment and Financial Services fiscal 2019 spending package Tuesday night, keeping it on track for final passage as soon as Wednesday.

That vote could come "tomorrow, I would bet around 5 o'clock," said Interior-Environment Appropriations Chairman Ken Calvert, R-Calif. "We'll ride through them," he said about the amendments to be considered Wednesday.

In total, the chamber on Tuesday dispensed with 41 of the 87 amendments pending before the bill — all related to the \$35.3 billion Interior-Environment (HR 6147) portion of the two bill package. Of those, 27 were adopted by voice votes, with an additional five pending a roll call vote deferred to some time early Wednesday afternoon.

"This package continues the House's important work on annual government funding legislation," said Appropriations Chairman Rodney Frelinghuysen, R-N.J. "With passage of this legislation, the House will be halfway done with our Fiscal Year 2019 bills through the floor."

But the most contentious of the pending amendments are still on the docket — including environmental policy riders that would limit the federal government's ability to implement Obama-era Clean Air Act



regulations for ozone and methane emissions, and Endangered Species Act protections for subsets of the meadow jumping mouse and lesser prairie chicken.

The amendments, if adopted, would add to the Democrats' opposition to the spending bill that has consistently been bogged down by contentious GOP policy riders in recent years. House Republicans have used the previous iterations of the annual spending bill to push measures reflecting their opposition to a host of Obama-era regulations and policies. Most of those riders are blocked by a Democratic firewall in the Senate.

"We should be following the Senate and producing bipartisan bills instead of wasting time on playing political games and taking show votes to appease the right wing of the Republican conference," said Rep. Nita M. Lowey of New York, the top Democrat on the Appropriations Committee.

Among the votes deferred to Wednesday are measures to bolster by \$2.5 million the Interior Department's Office of the Inspector General; a \$2.4 million reduction in the Land and Water Conservation Fund federal land acquisition account; and an amendment to reduce funding for the National Endowment of the Arts and the Humanities by 15 percent.

Some of the notable amendments adopted Tuesday include the following:

- A measure from Rep. Colleen Hanabusa, D-Hawaii, that would direct \$4.8 million to the
 U.S. Geological Survey to help provide funding to help its Hawaii-based research team
 relocate in response to the recent volcanic activity.
- A series of provisions to reduce the threat of invasive species, including a measure from Rep. Darren Soto, D-Fla., to boost by \$500,000 the response effort of the National Wildlife Refuge System; a measure from Rep. Dan Kildee, D-Mich., to increase U.S. Geological Survey accounts by \$1 million to eradicate the grass carp, an invasive species in the Great Lakes; and a measure from Rep. Peter Welch, D-Vt., that would direct \$5 million to help mitigate the spread of the emerald ash borer.
- A measure from Rep. Doug LaMalfa, R-Calif., that would increase funding for the National Forest Service's hazardous fuels management activities by \$5 million to counteract illegal marijuana growing operations within federal forests.

The combined fiscal 2019 package — which will come to the floor under the Interior-Environment bill number (HR 6147) — totals \$58.7 billion in appropriations. Both components of the House bill would essentially appropriate the same amount in fiscal 2019 that was appropriated in fiscal 2018 (PL 115-141). The Interior-Environment component would provide \$35.3 billion, and the Financial Services and General Government portion (HR 6258) would provide \$23.4 billion.

The Interior-Environment spending bill would provide the EPA approximately \$8 billion, a \$100 million decrease from fiscal 2018 levels. The Interior Department, excluding the Bureau of Reclamation, would get \$13.1 billion, a \$300 million decrease from fiscal 2018.

Wednesday action on the bill will include consideration of 29 additional amendments to the Interior-Environment portion of the bill and 17 amendments to the Financial Services portion. Among those is an amendment from Chief Deputy Whip Patrick T. McHenry, R-N.C., that would bar the U.S. Postal Service from expanding its offering of financial services, now limited largely to money orders and international money transfers.



Roll Call July 18, 2018

Shelby: Appropriations First-Ever Female Staff Director is 'Tough, Absolutely"

By: Alex Gangitano

For the first time ever, a female staff director has the reins of the powerful Senate Appropriations Committee.

Shannon Hines took the job after her longtime boss, Sen. Richard C. Shelby, became chairman in April.

"It is truly an honor to be the first female staff director, but I view it as just continuing in the trend that the chairman always wants us to continue in — which is keep working, keep your head down, work hard, get the job done," said Hines, 45.

The breakthrough didn't sink in right away. Former committee staffers had to fill her in.

"I didn't realize that I was the first," she said. "A number of former staff directors mentioned it to me and were very gracious in congratulating me. ... I've been taken aback, frankly."

At the end of June, the committee approved all 12 fiscal year 2019 appropriations bills, so Hines has been pretty busy. With a "big push to return to regular order," she hasn't had much time to think about the milestone.

Hines has spent nearly two decades working for Shelby, who said she was the logical choice for the role.

"She's off to a good start; you can tell from what's going on in the committee thus far," the Alabama Republican said. "She's on top of things, I know that. Confident, yes. Diligent, yes. Tough, absolutely."

The move came after Thad Cochran left Congress — and the Appropriations gavel — behind for health reasons. Shelby got the top spot on the panel, and Hines followed him over from the Rules Committee, where she briefly served as staff director.

"She's very experienced and very smart," the senator said.

As for her future on the Appropriations Committee?

"I think that they will respect Shannon," Shelby said about his Senate colleagues.

Hines got her start on Capitol Hill by passing her résumé around at the beginning of the 104th Congress after she graduated from college in December 1994.

"[I] knew that I wanted to come to the Hill and work. I literally knew one person in Sen. [Jesse] Helms office and just used them as my touchstone," she said.

She landed a series of jobs, first as a staff assistant to freshman Rep. Fred Heineman of North Carolina, and then as a legislative assistant to Rep. Lamar Smith of Texas.



By 1999 she had joined Shelby's personal office, where she steadily rose through the ranks, from legislative assistant to legislative director to chief of staff.

The Senate veteran has also worked on the Banking Committee as a senior professional staff member and on the Commerce-Justice-Science Appropriations Subcommittee.

Now she can add her latest role to the list.

"The chairman has given me many opportunities to gain enormous amounts of background and knowledge in various different positions," Hines said of her varied career. "I think that has really helped serve me well."

Homeland

Washington Post July 17, 2018

House eyes \$5 billion for Trump's border wall, setting up showdown with Senate By: Erica Werner

House Republicans are aiming to meet President Trump's latest request for his border wall — \$5 billion for 2019 — setting up a potential showdown with the Senate.

The \$5 billion would be included in a House homeland-security spending bill expected to be released Wednesday. The Senate included only \$1.6 billion for the wall in its version of the bill last month, a figure that displeased Trump, who told senators he might shut down the government this fall if he does not get more.

Administration officials and House Republicans are holding discussions about the precise figure and what the money would be spent on. Trump never formally requested \$5 billion for the wall, instead communicating the number privately to lawmakers in recent weeks.

Rep. Charles J. "Chuck" Fleischmann (R-Tenn.), a member of the House Appropriations subcommittee on homeland security, said he anticipated \$5 billion that would be allocated for "wall plus" — meaning physical barriers in some spots, as well as other security mechanisms in places along the 2,000-mile U.S.-Mexico border where a wall might not be practical.

He and other Republicans acknowledged it might be a struggle to get their number through the Senate. Members of the Senate Appropriations Committee have been writing their spending bills on a bipartisan basis this year, while House Republicans are proceeding on their own, without Democrats.

"It's got to start somewhere, and if we start in the House and get that out there it gives us a starting point," Fleischmann said. "You'll at least have the House and the White House lined up."

Rep. Nita M. Lowey (D-N.Y.), the top Democrat on the House Appropriations Committee, said the \$5 billion figure was a non-starter given numerous other needs in areas such as education and health care.

"That number is unacceptable. It's unacceptable," Lowey said.



Republican lawmakers hope to avoid a government shutdown. Current funding bills are set to expire Sept. 30, just ahead of the November midterm elections in which the GOP will try to keep control of Congress.

Thorny issues such as wall funding and an unrelated fight over spending on veterans may remain unresolved at that point, and lawmakers widely expect that Congress will have to pass a short-term funding extension to keep the government running through Election Day.

The remaining issues could then be hashed out in a lame-duck session.

During his presidential campaign, Trump repeatedly promised that Mexico would pay for a wall along the border, but thus far that has not happened.

Homeland

Washington Times July 18, 2018

House spending bill would provide \$5B for barriers, tech on southern border

By: David Sherfinski

The House Appropriations Committee on Wednesday released its 2019 spending bill for the Department of Homeland Security that includes \$5 billion to go toward "border security assets and infrastructure," including more than 200 miles of new barrier construction along the U.S.-Mexico border.

The \$5 billion would be for "physical barriers and associated technology along the U.S. southern border," including \$126 million for border technology, according to Republicans on the committee.

"This funding bill provides the resources to begin building a wall along our southern border, enhance our existing border security infrastructure, hire more border patrol agents, and fund detention operations," said Rep. Kevin Yoder, Kansas Republican and chairman of the homeland security appropriations subcommittee.

The Senate's 2019 homeland security spending bill, which has cleared the appropriations committee, provides \$1.6 billion for 65 miles of fencing in the Rio Grande Valley Sector for fiscal 2019, which starts on Oct. 1.

The \$1.6 billion is in line with the White House's official request, though President Trump has said in recent months he'd like more money for his desired U.S.-Mexico border wall.

Mr. Yoder had said Mr. Trump would be pleased with the amount of wall money in his bill. He said last week he hopes the full committee can pass it before House lawmakers head out of town for their fiveweek break in August.

Overall, the House bill provides \$51.4 billion in discretionary spending for DHS — a \$3.7 billion increase from current year funding.



It also includes \$7.4 billion for Immigration and Customs Enforcement (ICE) — \$328 million above the current level — that envisions the hiring of 400 additional law enforcement officers and support staff.

The bill also includes \$4.1 billion for detention and removal programs, including 44,000 detention beds, or 3,480 more than the current year.

Labor-HHS

Politico July 18, 2018

Trump's migrant fiasco diverts millions from health programs

By: Dan Diamond

The health department has quietly dipped into tens of millions of dollars to pay for the consequences of President Donald Trump's border policy, angering advocates who want the money spent on medical research, rural health programs and other priorities.

The Department of Health and Human Services has burned through at least \$40 million in the past two months for the care and reunification of migrant children separated from their families at the border — with housing costs recently estimated at about \$1.5 million per day.

The ballooning costs have also prompted officials to prepare to shift more than \$200 million from other HHS accounts, even as the White House weighs a request for additional funding for the Department of Homeland Security — a politically explosive move almost certain to antagonize fiscal hawks in the runup to the midterm elections.

"We have a public health emergency like Ebola, Zika, hurricanes — except this one is man-made," said Emily Holubowich, executive director of the Coalition for Health Funding, who says HHS should request emergency funding too. "We should not be taking discretionary funding away from programs that need it."

HHS didn't respond to questions about spending on the crisis.

Frustration over the lack of transparency and the slow pace of family reunifications spilled over as appropriators marked up a Labor-HHS-Education funding bill last week. Republicans joined Democrats to unanimously back penalties for the health department if it didn't detail its efforts to reunite families.

"This is not a policy we should be pursuing," said Rep. Tom Cole (R-Okla.), the Labor-HHS-Education subcommittee chairman, criticizing the administration's plan to split families at the border.

"We have sent letters demanding answers with regards to the costs ... [and] we have received no answers from OMB or from HHS," said Rep. Rosa DeLauro (D-Conn.), subcommittee ranking member. "The Trump administration is withholding information from the Congress."

HHS Secretary Alex Azar last week extolled his department's work to house and care for separated children, calling it "one of the great acts of American generosity and charity" in a CNN interview.



But the services haven't come cheap. Simply housing more than 2,500 children separated by the Trump administration has cost more than \$30 million in the past two months, say two individuals with knowledge of the refugee office's operations.

One major spending driver is that HHS has been forced to use "influx shelters" — temporarily contracted facilities — because of the surge in migrant children separated from their parents. The cost to care for a child in an influx shelter is reportedly nearly \$800 per child per night, more than triple the cost of standard shelters.

"We were forced to turn to influx shelters when there was no choice," said Mark Greenberg, a senior fellow at the Migration Policy Institute who led the Administration for Children and Families from 2013 through 2015. "That's really different from deciding to expand influx shelters because you've chosen to forcibly separate families."

The frenzied effort to reunite families after a court order and Trump's executive order halting separations has added considerable costs — particularly because HHS and DHS hadn't prepared for the possibility of putting families back together and now have staff working overtime to meet the court's deadlines.

HHS spent \$10 million to hire an additional 100 case managers and about 50 support staff to help handle children's cases for the next two months. In addition, Azar's decision to tap his emergency response team has added hundreds of thousands of dollars in spending by deploying public health workers and other specialized staff to the refugee centers.

More logistical spending looms: HHS needs to transport separated children to immigration centers where they'll be reunited with their parents, although the agency is trying to control costs by grouping the children's trips together.

HHS leadership has approved the spending, although it's created deficits for the Administration for Children and Families, which oversees the refugee office.

The agency has dipped into nearly \$200 million in funds that were initially steered to the refugee office in the waning days of the Obama administration, including at least \$17 million in unspent funds on the Ryan White HIV/AIDS program.

The Obama administration was moving the funds because leaders were concerned about rising and unpredictable pressures at the border. "We faced costs because of unanticipated increases in rising children," said Greenberg, the former ACF director. "Now the additional costs are being faced because the Trump administration decided to implement family separation — and they used the refugee shelters to facilitate it."

Greenberg said he's worried that shifting the funds inside ACF could put the division's funding for other programs, including unemployment services and other supports for newly arrived refugees, at risk.

Health care advocates also said they're frustrated the funds have been rapidly drained under the Trump administration's new policies.



"If there's leftover money from Ryan White, it should go to support programs for poor people with HIV and AIDS, not this outrageous separation policy," Holubowich said.

She added that "public health agencies still aren't where they need to be" after budget sequestration in 2010 and other recent cuts, pointing to a controversial decision this week to eliminate an HHS database on medical guidelines because officials said they couldn't come up with \$1.2 million in funding.

They're also concerned the Trump administration — by forcibly separating thousands of children — may have created significant, costly health care problems that will linger for years.

HHS in June was preparing to transfer an additional \$263 million to the refugee office's unaccompanied children program, according to a draft letter from Azar to DeLauro and first obtained by Bloomberg. However, the letter was never sent and the transfer never made amid rising scrutiny of agency operations and overall spending. "We're still so in the dark on what's going on," said a spokesperson for the Appropriations Committee Democrats.

Transferring funds within the health department will still be necessary, said two individuals with knowledge of the reunification effort.

The Trump administration also has been hashing out a possible supplemental funding request for Homeland Security, and any additional money would need sign-off from Congress. But that kind of funding package could be a treacherous move for GOP leaders ahead of the midterms.

Trump's immigration policy aside, Republican leaders would need to convince fiscal hawks in both chambers to back the package — just months after approving a record \$133 billion for disaster aid, none of which was offset.

Lawmakers could decide to buck Congress' strict spending caps, though they'd likely run head first into a dispute with the White House budget office. Mick Mulvaney, who leads that agency, has already refused funding increases for any program beyond this year's massive spending caps deal.

MilCon-VA

Washington Times July 17, 2018

Congress told to find money to fill billion dollar gap in funding for veteran health care

By: David Sherfinski

The White House is siding with House Republicans and the chairmen of Congress's budget committees in a dispute with senators over veterans' health care funding that has stalled negotiations over an initial package of 2019 spending bills.

Senate appropriators are trying to figure out how to make up a billion dollar-plus gap next year in funding for VA Choice, a popular program that allows veterans to seek care from private hospitals and doctors.



The White House said lawmakers need to find the money within existing spending caps set in a deal reached earlier this year, and that the administration would oppose any effort to increase or adjust the caps again.

The current 2019 non-defense discretionary spending cap level of \$597 billion is "more than sufficient to fully fund the additional needs," Acting Secretary of Veterans Affairs Peter O'Rourke and White House budget director Mick Mulvaney wrote to lawmakers this week.

Mr. Trump last month signed legislation, known as the VA MISSION Act, that consolidated parts of VA Choice and provided \$5.2 billion to temporarily extend it.

But absent new money, it could run out of funds by next May, leaving Senate appropriators trying to make up a projected gap of \$1.6 billion in 2019 that could swell to a combined \$18 billion in 2020 and 2021.

"We got to figure out how to do it," said Senate Appropriations Committee Chairman Richard Shelby.

The White House got support this week from Rep. Steve Womack and Sen. Mike Enzi, the chairmen of the House and Senate Budget Committees respectively.

"This issue really comes down to whether we are willing to prioritize care for our veterans within existing spending limits," they wrote to Mr. Shelby and other key appropriators.

Lawmakers have gotten around the spending limits in the past by simply exempting programs, like they do frequently with special war funding, or by increasing the caps themselves, as they did in March.

But Mr. Womack told The Washington Times he thinks it's "ill-advised" for lawmakers to be talking again about busting through the caps.

"[We] want to make sure that we take care of our veterans, but we've got a sovereign debt crisis on our hand right now and we've got to be very careful that we don't continue to do things that contribute to that fiscal insolvency path that we're on," said the Arkansas Republican.

The dollar amount for the projected gap is relatively small in the context of overall government funding. Lawmakers approved a \$1.3 trillion "omnibus" spending bill in March that funds the government through September.

But with the House soon to depart on a five-week summer vacation, even minor setbacks on next year's funding bills raise the prospect of another short-term, stopgap funding bill to keep the government running past September.

Amid the veterans funding dispute, House and Senate negotiators postponed an initial meeting last week in which they were supposed to start hammering out differences between joint packages of three spending bills.

Mr. Shelby said Tuesday he didn't know when that could be rescheduled.



Sen. Patrick Leahy, vice chairman of the appropriations committee, says he's prepared to offer an amendment that would allow Congress to pass additional discretionary spending, if necessary, to fill any gap in the veterans funding without cutting programs elsewhere.

"The president and everybody else has said they're in favor of money for it, so I assume they're going to keep their word," said Mr. Leahy, Vermont Democrat. "I would assume President Trump would keep his word. He has said several times there's going to be money for the veterans, so I assume he will keep his word and the money'll be there."

Any spin that the president doesn't support funding for the program is false, according to an administration official.

"The administration supports care for veterans within the discretionary caps already in place and has provided a road map on how to do that in the 2019 budget," the official said. "Congress must now do the same."

MilCon-VA

New York Magazine July 17, 2018

White House: U.S. Can't Afford Veterans' Health Care Without Cuts

By: Eric Levitz

Last year, the Trump administration insisted that its regressive tax cuts were so important, it was worth adding \$1.5 trillion to the national debt to ensure their passage. Now, the White House is warning Congress that the United States cannot afford to add \$1.6 billion to the deficit to expand health-care options for veterans.

In a letter Monday, the Trump administration demanded that lawmakers fund a popular veterans' health-care program — which allows former troops to spend public funds on private doctors and hospitals — with cuts to other parts of the budget. Democrats, and some top Senate Republicans, prefer to raise the current caps on discretionary spending instead.

The case for the latter option is straightforward. Congressional spending falls into two categories: mandatory (funding for programs like Social Security, which increases automatically as more Americans qualify for benefits) and discretionary (spending that Congress must actively renew). When Congress passed its omnibus budget bill back in March, the private veterans' health-care program was on the mandatory side of the ledger. Thus, although lawmakers knew that federal spending on the program was going to increase, they didn't have to account for its cost when setting a discretionary budget.

But last month, president Trump signed a law that reorganized veterans' health care, and shifted funding for the private program into the discretionary column. This did not significantly increase the overall cost of domestic spending — but it did lift the price tag on the discretionary budget above previously set caps. Which is to say: It produced a budget shortfall that wasn't a product of changes in fiscal reality, so much as in accounting practices.



Thus, Democrats and Senate Republicans like Alabama's Richard Shelby have favored just lifting the caps. After all, lawmakers already need to resolve a host of other contentious budgetary issues between now and October, if they are to avoid a shutdown on midterms' eve. Relitigating funding levels for various domestic programs — which Congress had found consensus on just months ago — is not a fight that most lawmakers want to have.

And it's hard to see why the White House does. The administration's desire to repent for its sins against fiscal responsibility is understandable enough (even if their gesture is roughly akin to a serial arsonist buying a single brownie from a local fire department's bake sale). But why they would want to center their performance of deficit hawkery on the issue of veterans' health care is baffling.

Yes, their official position is that the program must be funded with reductions in other appropriations. But the administration has already established that it believes corporate tax cuts are so important, they're worth enacting at any fiscal cost. Given that context, it shouldn't be difficult for Democrats to paint the White House's current hard line on deficits as a tacit admission that it sees caring for America's retired troops as less important than increasing corporate America's allowance.

State-Foreign Ops

ABC News July 18, 2018

<u>U.S. Embassy in Jerusalem to cost more than \$21 million – nearly 100 times President Trump's estimate</u> By: Shannon Crawford and Soo Rin Kim

President Donald Trump may have written the book on deal-making, but when it comes to the U.S. Embassy in Jerusalem, it appears he won't be getting the bargain he wanted.

Documents filed with the official database of federal spending show that the State Department awarded the Maryland-based company Desbuild Limak D&K a contract for \$21.2 million to design and build an "addition and compound security upgrades" at the embassy. These updates will be made to the former consular building in Jerusalem -- the embassy's temporary location.

"We're going to have it built very quickly and very inexpensively," President Trump said of the embassy back in March, while sitting beside Israeli Prime Minister Benjamin Netanyahu in the Oval Office. "They put an order in front of my desk last week for a billion dollars. I said, 'A billion? What's that for?"

"We're actually doing it for about \$250,000," the president said.

Trump's comments created confusion at the time, as many wondered if he was conflating the costs for modifying the consulate and the price for constructing a new embassy. But President Trump doubled down on most of his claims at an April press conference with German Chancellor Angela Merkel, raising his estimate for the renovation to between \$300,000 and \$400,000.

"That's the way government works," Trump said. "They were going to spend a billion dollars and we are going to spend much less than a half a million."



While the total bill may not be near the billion dollar mark yet, the expenses are adding up. In addition to the \$21.2 million allotted for the next phase of upgrades, the government has already spent over \$300,000 on initial modifications to the former consular building prior to opening the embassy in May.

A State Department official told ABC News today that President Trump's estimates only factored in that first phase of modifications to the former consular building, not this second round of renovation.

The embassy's 33 mile move from Tel Aviv to Jerusalem has racked up both costs and controversy, prompting weeks of protests from Palestinians and violent clashes with Israeli troops. Some world leaders, like Netanyahu, have praised Trump's decision. Others have said it would contribute to instability in the region and further stoke conflict between Israelis and Palestinians, as both claim the city as their capital.

Previously, the United States and most other countries with diplomatic ties to Israel have avoided preempting any decision on the city's official status by basing their operations in Tel Aviv. Formally recognizing Jerusalem as the capital of Israel was one of Trump's 2016 campaign promises.

